

To: Members of the Corporate
Governance Committee

Date: 15 May 2015

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Dear Councillor

You are invited to attend a meeting of the **CORPORATE GOVERNANCE COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 20 MAY 2015** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN.**

Yours sincerely

G. Williams
Head of Legal and Democratic Services

AGENDA

1 APOLOGIES

2 DECLARATIONS OF INTEREST (Pages 5 - 6)

Members to declare any personal or prejudicial interests in any business identified to be considered at this meeting.

3 URGENT MATTERS

Notice of items, which in the opinion of the Chair should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act 1972.

4 MINUTES (Pages 7 - 18)

To receive the minutes of the Corporate Governance Committee meeting held on the 25th March, 2015.

5 BUDGET PROCESS 2016/17

To consider a report by the Chief Accountant, which provides an update on the process to deliver the revenue budget for 2016/17 (copy enclosed).

6 PROCUREMENT OF CONSTRUCTION SERVICES

To receive a verbal update report from the Head of Communication, Marketing and Leisure.

7 FINANCIAL PAYMENT TO CARE LEAVERS

To receive report by the Service Manager Looked After Children (copy enclosed) which provides an update on progress with the Action Plan included in the Internal Audit report on Financial Payments to Care Leavers issued in March 2014.

8 SENIOR INFORMATION RISK OFFICERS REPORT (Pages 19 - 28)

To consider a report by the Head of Business, Improvement and Modernisation (copy enclosed) which details breaches of the Data Protection Act which had been subject to investigation by the SIRO, and complaints relating to Freedom of Information legislation referred to the Information Commissioner.

9 INTERNAL AUDIT ANNUAL REPORT (Pages 29 - 40)

To consider a report by the Head of Internal Audit (copy enclosed), which provided the Head of Internal Audit's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informs the 'annual governance statement'.

10 INTERNAL AUDIT STRATEGY 2015/16 (Pages 41 - 52)

To consider a report by the Head of Internal Audit (copy enclosed), which detailed the Internal Audit Strategy for 2014/15.

11 GOVERNANCE IMPROVEMENT PLAN AND DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15 (Pages 53 - 96)

To consider a report by the Head of Internal Audit (copy enclosed), which provides an update on the Council's Governance Improvement Plan arising from the Council's 2013/14 'Annual Governance Statement' - *'Delivering good governance and continuous improvement'*, and presents a first consultation on the self-assessment report on the Council's governance and improvement arrangements for 2014/15.

12 MONITORING OF COUNCIL FUNDED SERVICE PROVIDERS (Pages 97 - 108)

To consider a joint report by the Head of Legal, HR and Democratic Services and the Head of Internal Audit (copy enclosed) which provided details of the scope and project plan for the review of monitoring of Council-funded Service Providers (CFSPs), which would result in a new framework for putting such arrangements in place.

13 FEEDBACK ON CORPORATE EQUALITY MEETING

To receive a verbal report from Councillor M.L. Holland.

14 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 109 - 112)

To consider the Committee's forward work programme (copy enclosed).

MEMBERSHIP

Councillors

Stuart Davies
Peter Duffy
Martyn Holland

Gwyneth Kensler
Jason McLellan
Barry Mellor

Lay Member

Paul Whitham

COPIES TO:

All Councillors for information
Press and Libraries
Town and Community Councils

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DEDDF LLYWODRAETH LEOL 2000

Cod Ymddygiad Aelodau

DATGELU A CHOFRESTRU BUDDIANNAU

Rwyf i,
(enw)

*Aelod /Aelod cyfetholedig o
(*dileuer un)

Cyngor Sir Ddinbych

YN CADARNHAU fy mod wedi datgan buddiant ***personol / personol a sy'n rhagfarnu** nas datgelwyd eisoes yn ôl darpariaeth Rhan III cod ymddygiad y Cyngor Sir i Aelodau am y canlynol:-
(*dileuer un)

Dyddiad Datgelu:

Pwyllgor (nodwch):

Agenda eitem

Pwnc:

Natur y Buddiant:

Llofnod

Dyddiad

Code of Conduct for Members

DISCLOSURE AND REGISTRATION OF INTERESTS

I, *(name)*

a *member/co-opted member of

*(*please delete as appropriate)*

Denbighshire County Council

CONFIRM that I have declared a ***personal / personal and prejudicial** interest not previously declared in accordance with the provisions of Part III of the Council's Code of Conduct for Members, in respect of the following:-

*(*please delete as appropriate)*

Date of Disclosure:

Committee *(please specify)*:

Agenda Item No.

Subject Matter:

Nature of Interest:

Signed

Date

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Council Chamber, Russell House, Rhyl on Wednesday, 25 March 2015 at 9.30 am.

PRESENT

Councillors Stuart Davies, Peter Duffy, Martyn Holland (Vice-Chair), Gwyneth Kensler and Jason McLellan (Chair) and Mr P. Whitham (Lay Member).

Councillor Meirick Lloyd Davies, Councillor Huw Jones, Councillor Bob Murray and Councillor Julian Thompson-Hill attended as observers.

ALSO PRESENT

Corporate Director: Economic and Community Ambition (RM), Head of Legal, HR and Democratic Services (GW), Head of Internal Audit (IB), Head of Communication, Marketing and Leisure (JG), Chief Accountant (RW), Corporate Information Manager (CB), Wales Audit Office Representatives (AV, GB and GE) and Committee Administrator (CIW).

1 APOLOGIES

None received.

2 DECLARATION OF INTERESTS

No Members declared any personal or prejudicial interests in any business identified to be considered at the meeting.

3 URGENT MATTERS

No items were raised which in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act, 1972.

4 MINUTES

The Minutes of a meeting of the Corporate Governance Committee held on the 28th January, 2015.

RESOLVED – *that the minutes be received and approved as a true and correct record.*

5 BUDGET PROCESS 2016/17

A report by the Head of Finance and Assets (HFA), which provided an update on the process to deliver the revenue budget for 2015/16 and 2016/17, had been circulated previously.

Councillor J. Thompson-Hill explained that the Budget for 2015/16 had been approved by Council and the Budget Workshops focussing on saving proposals for 2016/17 had commenced, and details of proposed timescales had been included in the report. The forecast budget gap for 2016/17 was approximately £8.8m. Savings of £2.7m had been approved as part of the current process leaving a gap of approximately £6.1m.

A chart showing the proposed budget process had been included as Appendix 1. It outlined the process to deliver the 2016/17 savings and progressed the process which had commenced in March, 2014. The saving 'phases' were the decision points taken to Council for approval. As Phases 1 to 3 had been approved the chart commenced at Phase 4.

Details of the significant consultation process undertaken to deliver the 2015/16 and 2016/17 budgets was provided. The budget process had been extremely challenging and the engagement and support of Members in the decision making and scrutiny of the process had been crucial. The risk management framework proposed to manage the implementation of the 2015/16 budget savings had been included in the report. It was emphasised that this was the most challenging financial period the Council had faced and failure to deliver an effective budget strategy would put further pressure on services in future financial years.

Risk management of the process would be a key consideration of the Committee and possible risks around the implementation of each saving proposal had been presented at workshops as they developed. SLT had focussed on risk management of the process and it had been proposed that there should be four strands to a risk management framework underpinning the implementation of the 2015/16 budget savings, and these had been detailed in the report.

In reply to a question from Councillor S.A. Davies regarding the advantages of the provision of in depth detail of expenditure lines for individual services, the CA confirmed that a summary of the service budget, and up-date of the figures presented for 2015/16 could be provided. The CA responded to a request from the Chair and agreed that hard copied of the information, including spread sheets, be provided.

The Chair referred to the issues raised by Mr P. Whitham at the previous meeting with regard to the risk agenda in relation to financial, reputational and performance risks. He confirmed that SLT had considered the matters raised but he felt that reference in the report to the outcome of the deliberations lacked depth. In reply to a request from the Chair it was agreed that further in-depth report be presented to the Budget Workshop in June, 2015 for consideration by Members.

Mr P. Whitham explained that the concerns he had expressed related to the associated risks for the budget process for 2016/17, and he felt that SLT had appeared to focus on the monitoring of the process for 2015/16. He was pleased

that SLT had considered the risk agenda aspect but expressed disappointed that matters pertaining to the failure to take decisions at an early stage, and staff savings being implicated by pension costs, had not been deliberated. The CA outlined the process which included monitoring the impact of the 2015/16 proposals, and outlined the process for the consideration of the 2016/17 proposals.

In reply to concerns raised by Councillor M.LI. Davies, it was agreed that the issue of the loss of Welsh speaking members of staff be highlighted as a risk. The Chair referred to Council's Statutory Duty with regard to Welsh language legislation.

Following further discussion, and subject to the issues raised, it was:-

RESOLVED – *that Corporate Governance Committee receives and notes the contents of the report on the latest update.*

(RW to Action)

6 INFORMATION MANAGEMENT STRATEGY UPDATE

A report by the Corporate Information Manager (CIM), which provided an update on progress made on implementing the Council's Information Management Strategy, had been circulated previously.

The CIM explained that a Corporate Information Team had been formed to provide a more cohesive approach to this area and to address the significant weakness identified in Annual Governance Statements. An Information Management Strategy had been developed to provide an agreed corporate approach to this function, and subsequently significant improvements had been made. The improvements had recently resulted in the associated risks being reduced from amber, major, to yellow, moderate, as reflected in the Corporate Risk Register.

Some of the key actions undertaken over the last 12 months which had served to reduce the risk rating had been detailed in the report, particular reference was made to:-

- the modernisation of the way many teams from across the Council work with documents via the introduction of EDRMS, which was utilised by 20% of the workforce.
- the importance of the provision of training for staff in respect of data protection issues.
- details pertaining to the revised and re-launched Corporate Retention Schedule.
- the labour intensity of the scanning process.

It was explained that over the next 12 months a number of activities had been planned with a particular focus on developing the Council's Records Management and Archives functions.

The officers provided the following responses to issues raised by Members:-

- The Archives service was a free service for anybody wishing to access historical records. Small charges are in place for things like photocopying, scanning and research.
- The CIM confirmed that a forward work plan had been established and the forward activities were considered to be achievable.
- SLT having agreed the provision of confidential secure waste bins.
- A collaborative approach having been adopted with neighbouring Local Authorities, with regard to the installation and development of compatible new IT systems and equipment, in the light of possible future mergers. The CIM agreed that a future report include details of the progress achieved in this area.
- Details were provided regarding the Corporate Retention Schedule, in relation to the destruction of records.

Following further discussion, it was:-

RESOLVED – *that Corporate Governance Committee notes the progress made on information management and continue to support its implementation.*
(CB to Action)

7 WHITE PAPER - REFORMING LOCAL GOVERNMENT, POWER TO LOCAL PEOPLE

A report by the Head of Legal, HR and Democratic Services (HLHRDS), on Welsh Government's (WG) White Paper entitled Reforming Local Government: Power to Local People, ('the Paper'), had been circulated with the papers for the meeting.

The Paper was the subject of consultation until 28th April and the report sought to ascertain the Committee's views on the proposals contained within the Paper, particularly those elements relating directly to corporate governance matters. The Full version of the paper had been included as Appendix 1.

The HLHRDS introduced the report and explained that the extensive Paper included a number of clear policy proposals, a reiteration of previous policy commitments, such as mergers and links to Future Generations Bill, and a number of open ended questions seeking views on policy options. Some of the proposals and policy options were complex but offered limited detail around how proposals would be implemented. There were nine main chapters contained within the Paper which included a consultation survey, Appendix 2. The Committee were requested to consider in particular the Chapter entitled 'Corporate Governance and Improvement' together with other areas of the Paper which impacted on corporate governance issues and had been identified in the report.

The difficulties faced in providing a response were outlined by the HLHRDS. He explained it was proposed to draft a document to reply to every issue raised in the thirty page survey and to produce a cover document which provides an opinion, if agreed by Members, on the broadly positive themes in the White Paper. However, the view be expressed that the White Paper concentrate on key issues and Denbighshire's views on these issues be highlighted

The HLHRDS provided a detailed summary of the report which had focused on the following areas of the Paper:-

Paragraphs 2.12
Paragraph 2.10
Chapter 3, f, g
Paragraph 3.5
Chapter 4
Chapter 6
Paragraph 6.4
Chapter 7
Chapter 8
Chapter 9

The main issues for consideration by the Corporate Governance Committee were outlined by the HLHRDS. He referred to Welsh Government's aspirations to improve and increase the standards of Leadership from a corporate governance aspect at officer and political level, with the proposed changes to the appointment process of senior officers in Local Authorities. The three options considered to achieve the aims were outlined by the HLHRDS, particular reference being made to the possible introduction of a Public Sector Appointments Commission and the establishment of a Public Services Staff Commission

The HLHRDS referred to the advantages to be achieved by welcoming the focus on corporate governance, leadership, performance and improvement and highlighting areas considered as good practise. The Chair referred to the need for the Committee to focus and concentrate on governance issues when considering the content of the response.

During the ensuing discussion Members expressed their views in respect of the following issues:-

- the benefits to be achieved from sharing best practice processes, as currently undertaken in Denbighshire.
- the importance of the constitution of the respective Local Area Boards who contribute to the process.
- the significance of the involvement of local communities in decision making at a local level.
- the role, remit and future designation of Community Councils.

The HLHRDS explained that he had started to draft a narrative response from Denbighshire which incorporated responses to each of the tick boxes, highlighting any issues of concern and outlining areas considered to be major themes. He emphasised the importance of Member involvement and the inclusion of their views in the response.

The Chair agreed that the narrative response should be couched in a positive form, and expressed the view that many of the best practises had already been adopted and undertaken by the Authority. It was felt the response should also include the

concerns expressed in respect of specifics such as the membership of Local Area Boards and the administrative aspects.

Members considered the issue pertaining to the constitution of the Corporate Governance Committee, particular reference being made to the number and appointment of Independent Members. The HLHRDS explained that he had started to draft the response in relation to Independent Members which included:-

- Independent Members would bring a fresh prospective with a different challenge and view point to Elected Members, and this had work well with regard to the Denbighshire Corporate Governance Audit Committee.
- The Committee were pleased to note that it had not been suggested that there should be a majority of Independent Members.
- It was felt that chairs should not automatically be Independent Members, but this should not stop an Independent Member from being a chair, with the Committee appointing the chair.

Mr P. Whitham highlighted the importance of Independent Members being knowledgeable, understanding and genuinely interested in serving as Member's on Corporate Governance Committees, and he questioned if increasing the number of Independent Members serving on Corporate Governance Committees would address this issue.

Following further discussion, it was:-

RESOLVED – *that, subject to Members comments, the Corporate Governance Committee:-*

- (a) *receives and notes the contents of the report, and*
- (b) *agrees that the Head of Legal, HR and Democratic Services drafts a response as outlined during the deliberation.*

(GW to Action)

8 2015 AUDIT PLAN DENBIGHSHIRE COUNTY COUNCIL

A report by the Head of Finance and Assets (HFA) had been circulated with the papers for the meeting.

The Wales Audit Office Representative introduced the report '2015 Audit Plan – Denbighshire County Council', Appendix 1, produced by the Wales Audit Office (WAO). The report set out the planned programme of work for both the WAO's financial audit performance audit programme and included matters such as the fee for the work, details in respect of the audit team and the timetable for the work. The external auditors were required to prepare and present the report in order to discharge their requirements under auditing standards and proper audit practices.

Areas within the report, Appendix 1, highlighted by the WAO Representatives included:-

- Summary of the Report.

- Financial audit.
- Financial audit risks.
- Certification of grant claims and returns.
- Overall issues identified.
- Other work undertaken.
- Performance audit.
- Fee Audit team and timescale.
- Audit team.
- Timetable.

The WAO report provided the Council with an outline of the financial audit and performance audit work programme. The financial audit programme covered their work in respect of the 2014-15 financial statements, and provided information on the audit approach including the key audit risks which had been identified during the initial planning process and the actions proposed to address them. The financial audit work on the risk areas would be used to inform the audit opinion on the financial statements.

The performance audit work programme covered the work in respect of the Local Government Measure. Both financial and performance audit work also reviewed the arrangements put in place by the Council to secure economy, efficiency and effectiveness in its use of resources.

Councillor S.A. Davies explained that he welcomed the audit of the Joint Committee in respect of the AONB. The WAO Representative explained that due to its size the AONB would be subject to a limited assurance audit, however it was confirmed that the report in respect of the AONB would be presented to the Corporate Governance Committee.

The WAO Representatives responded to a question from Mr P. Whitham and detailed performance work in last year's audit outline still in progress, Appendix 2. The HLHRDS agreed that a letter received from the WAO regarding this matter could be circulated to Members of the Committee. Reference was made to Appendix 3 which made reference to National value for money studies.

RESOLVED – *that Corporate Governance Committee receives and notes the contents of the report.*

(GW to Action)

9 GOVERNANCE IMPROVEMENT PLAN AND DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

Due to time constraints this item was deferred to the next meeting.

10 INTERNAL AUDIT STRATEGY 2015/16

Due to time constraints this item was deferred to the next meeting.

11 FINANCIAL PAYMENT TO CARE LEAVERS - UPDATE

A report by the () and (), which provided an update on progress with the Action Plan included in the Internal Audit report on Financial Payments to Care Leavers issued in March, 2014, had been circulated previously.

The

RESOLVED – that Corporate Governance Committee request that

- (a) the Service Manager: Looked After Children be requested to present a report to the next meeting of the Committee, and
- (b) the Acting Strategic Procurement Officer be invited to attend the meeting.
(**and SA to Action**)

12 CLWYD LEISURE LTD - REVIEW OF LESSONS LEARNED

A report by the Corporate Director; Economic and Community Ambition (CDECA) had been circulated previously.

The CDECA introduced the report which reviewed the circumstances leading up to Clwyd Leisure Ltd (CLL) ceasing to trade in 2014, and identified the lessons learned to minimise the risk of similar circumstances occurring in the future.

Cabinet had requested an internal review of the creation, management and monitoring of the company with a view to understanding what happened, confirming whether safeguards were now in place to prevent recurrence and identifying any further improvements needed. The Head of Internal Audit (HIA) had reviewed the arrangements for governing and monitoring performance of arm's-length organisations. The report set out the findings, conclusions and recommendations from the review commissioned by Cabinet, set within the recommendations made by the HIA to improve overall governance of arms-length organisations. A timeline of the history of CLL had been set out within the review report.

The CDECA explained that at the inception the legal paperwork establishing CLL had not covered how to address problematic situations, and there had been a clear absence of performance expectations and clarity.

The original decision to set up CLL had been based on an options appraisal based on a number of key assumptions. However, the review concluded that this was not followed through into the formal documentation establishing the company or its relationship with the Council, and this had contributed to weaknesses in monitoring and scrutiny arrangements and made it difficult for the Council to manage its relationship with the Company. It was felt that scrutiny and monitoring arrangements had been confused and multiple reporting lines were likely to have contributed to a lack of follow through.

The Head of Communication, Marketing and Leisure (HCML) outlined the reason why the Company had been the subject of so many conflicting scrutinies. He

explained that the arms-length arrangements and indeed Leisure had been passed around the Authority on several occasions during the term of the company, which had resulted in various Heads of Service having responsibility and consequently having to report to different Scrutiny Committees. The HCML expressed the view that the problems had resulted from the subject and responsibility following Heads and Directors to different Scrutiny Committees. He felt that the new scrutiny arrangements would ensure this did not happen in future as they were not directorate based, and agendas would be monitored and discussed by Chairs and Vice Chairs.

More recently within the Council a more robust approach to business case development and project and risk management had been introduced, making it unlikely that similar circumstances would occur again. Risk management was now firmly embedded within the Council with a clearer focus on performance management being routine. In the latter stages, the relationship with CLL had been more robustly managed, with regular monitoring in place and improvement actions identified and followed up. The decisions made by Cabinet in January and March, 2014 had been significantly informed as a result of the more robust approach. It was emphasised that the current Scrutiny system minimised potential risks and that the Chairs and Vice Chairs Group provided a way of managing any such cross over which had not been available at the time, and this provided an additional control in the system.

The CDECA explained that recommendations for further improvements had been set out in the review report which were linked to the HIA's overall review of arrangements for ensuring appropriate governance and performance monitoring of arms-length organisations more generally. The report included recommendations to improve Council oversight, scrutiny and monitoring avoiding reliance on Council-appointed board directors as the sole means of governance and nominating relevant Committees within the Council to consider the governance and performance of arms-length relationships.

The Chair felt that the issues arising from the deliberations and conclusions should be forward focused. However, he felt it would be important to consider the timeline of events and lessons learned.

Councillor P.C. Duffy thanked the Head of Communication, Marketing and Leisure (HCML) for the work he had undertaken. He expressed concern that there had been no meaningful business plan or lease agreement in place at the inception, and made reference to a lack of scrutiny, intervention or checks in respect of performance over a lengthy period of time.

The HLHRDS responded to questions from Members and explained that the funding aspect of the agreement made been the most inappropriate aspect of the documentation.

The CDECA explained that there had appeared to be no clear lines of responsibility, and while concerns were raised respective Committees appeared to have been satisfied with assurances received regarding the operation of the Company. In reply to concerns expressed by Members, she outlined the difficulties

confronted by Council appointed Directors of the Board. The review had included recommendations to improve Council oversight, scrutiny and monitoring to avoid reliance on Council appointed board directors as the sole means of governance and nominating relevant Committees within the Council to consider the governance and performance of such arms-length relationships. The CDECA explained that there were benefits to appointing Councillors as Directors to the Boards of arms-length Companies, however, not as a sole means of monitoring the performance and finance aspects of a Company. Councillor H.LI. Jones, Lead Member for Tourism, Leisure and Youth, felt the Scrutiny Chairs and Vice Chairs Group could contribute to the process of scrutinising arms-length Companies. Reference was made to the roles and responsibilities of Councillors, Directors of the Board and Cabinet Members. The CDECA highlighted the importance of the need to manage any conflict of interest which might arise, and reference was made to the statutory duty of Directors of Companies.

The difficulties encountered by officers in addressing the problems experienced were outlined by the HCML, particular reference being made to the political aspect of the process. He also provided details of the implications and outcomes arising from the recommendations in the Wales Audit Report of 2008.

In response to a question from the Chair, the CDECA agreed to provide details of the criteria and process for assessing the rateable, and commercial rental value, of buildings such as the Nova Centre, Prestatyn.

The Committee endorsed a request by the Chair for the submission of a report to the May, 2015 meeting of the Committee to include:-

- The reinforcement of the role of Elected Members on the Boards of arms-length Companies and the inclusion of the work undertaken by the HLHRDS and HIA, in respect of arms-length Companies.
- The work undertaken by the HIA, to include the framework to be implemented in July, 2015, with an update of the pending implementation of the agreed recommendations.
- An update by the HLHRDS on the role of Members on the respective Boards of arms-length Companies.

Members also highlighted the need for the provision of Member training in relation to arms-length Companies. The HCML highlighted the need for nominees to the respective Boards to possess the necessary skill sets and understanding to meet and undertake the required demands of the post.

The Chair referred to the importance of the need to ensure the role of the respective Scrutiny Committees in monitoring arms-length Companies was reinforced. The Committee agreed that this matter be referred to the Scrutiny Chairs and Vice Chairs Group for consideration.

RESOLVED – *that, subject to the above, the Corporate Governance Committee:-*

(a) receive and note the contents of the report.

(b) agree that a further report be presented to the May, 2015 meeting of the Committee, incorporating the information and detail requested by Members.

(IB and GW to Action)

13 FEEDBACK ON CORPORATE EQUALITY MEETING

No report presented.

14 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

The Corporate Governance Committee's Forward Work Programme (FWP) (previously circulated) was presented for consideration.

The Committee confirmed the Corporate Governance Committee Forward Work Programme subject to the inclusion of the following business items in the Committee's Forward Work Programme:-

20th May, 2015:-

- Internal Audit Strategy 2015/16.
- Governance Improvement Plan and Draft Annual Governance Statement 2014/15.
- Financial Payment to Care Leavers – Update.
- Report on Outside Bodies and Clwyd Leisure Update – (Head of Legal, HR and Democratic Services to liaise with the Head of Internal Audit).

The Chief Accountant explained that the presentation of the Draft Accounts be included in the Forward Work Programme for July, 2015 and the Final Accounts for September, 2015.

The Chair referred to the pending departure of the Head of Finance and Assets. He and the Members of the Committee expressed their appreciation for all the help and guidance provided and hard work undertaken.

RESOLVED – *that, subject to the above, the Committee approves the Forward Work Programme.*

Meeting ended at 1.45 p.m.

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Report To: Corporate Governance Committee

Date of Meeting: 20th May 2015

Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady

Report Author: Richard Weigh, Chief Accountant

Title: Budget Process 2016/17

1. What is the report about?

The report gives an update on the process to deliver the revenue budget for 2016/17.

2. What is the reason for making this report?

To provide an update of the latest position.

3. What are the Recommendations?

To consider the latest update and comment as appropriate.

4. Report details

The first two member budget workshops considering saving proposals for 2016/17 took place on 23rd February and 26th March. These two sessions focussed in the main on proposals that were deferred from previous budget workshops.

Further budget workshops have been arranged for 5th June, 26th October and 14th December. As the process for 2016/17 is further developed, it may be necessary to schedule more workshops. The budget process chart is enclosed for reference as Appendix 1. The chart outlines the process to deliver the 2016/17 savings and builds on the process that began in March 2014. The saving 'phases' referred to are the decision points taken to Council for approval. Phases 1-3 have been approved already and therefore the chart begins at Phase 4.

The next set of proposals for 2016/17, incorporating items discussed at the latest workshops, will be presented to Council in July for approval. The total of these proposals is likely to be between £1.5m - £2.0m and will focus on efficiency and modernisation measures rather than service cuts or increases to fees or charges.

Currently, a series of meetings is being held with services reviewing budgets and considering new budget proposals. The June workshop will consider outline proposals from these meetings along with any proposals from elected members. A pro forma was issued to political group leaders in April to help

capture any proposals members would like to put forward for consideration. The pro forma allows for each proposal to be reviewed and assessed by Finance and services and for specific feedback to be provided to the proposer or political group.

Budget proposals identified in June will be refined over the summer and either taken to council for approval in September or be presented to the workshop in October with the intention to present to Council for approval in December. The workshop in December will then focus on final proposals to balance the budget.

All proposals emerging will be assessed by Finance to determine the likely budget impact in 2016/17. This is to ensure that any upfront or replacement costs are factored into the calculation and to provide a financial risk assessment as to whether the timescales are reasonable to achieve either full or part year implementation in 2016/17.

Following the current series of budget meetings with services, a review of the proposals emerging will be undertaken with SLT. The budget process will also be reviewed to determine whether it needs to be refined or amended. The outcome of this will be reported to the member budget workshop on 5th June.

The forecast budget gap for 2016/17 is approximately £8.8m. Savings of £2.7m have been approved as part of the current process (in Phases 1 and 2 approved in September and December 2014) meaning the remaining gap is approximately £6.1m. The budget gap is calculated by applying a series of assumptions. The most significant of these is the level of Settlement to local authorities in the form of Revenue Support Grant. Every percentage change to the Settlement value equates to approximately £1.4m. There is a significant level of uncertainty around the likely Local Government Settlement and this is likely to remain the case for the coming months. Until May 2013, Settlement values had been broadly consistent with the forward planning indications published nationally in 2011. Since then, there have been no multi-year settlements and indications have changed consistently between and within financial years. In the absence of more reliable Settlement information, budget plans must continue to develop proposals to cover a range of different scenarios. The Draft Settlement for local government will be published in October.

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

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

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

The council may need to deliver savings and other measures of approximately £8.8m next financial year.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

An EqIA will be completed for all relevant proposals as the process develops.

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

Previous reports have highlighted in detail the significant consultation process undertaken to deliver the 2015/16 and 2016/17 budgets and these are highlighted again below.

In addition to regular reports on the process to the Corporate Governance Committee, the budget process has been considered by CET, SLT, Cabinet Briefing and Council Briefing meetings. Specific proposals have been reviewed by scrutiny committees and one was based on recommendations from a member/officer task and finish group.

By the end of the 2015/16 budget setting process, there were ten budget workshops held with elected members to examine service budgets and consider budget proposals. A further five are arranged to consider proposals to meet the budget gap for 2016/17 and more may be necessary as the process develops.

As detailed in previous reports, there was a public engagement exercise to consider the impact of budget proposals and there are ongoing discussions between some of the county council's services and some Town councils. The council has consulted its partners through the joint Local Service Board and specific discussions have taken place with the Police.

All members of staff have been kept informed about the budget setting process and where proposals become decisions the affected staff will be fully consulted, in accordance with the council's HR policies and procedures.

Trade Unions have been consulted through Local Joint Consultative Committee. A process for engaging with staff and their TU representatives was agreed at LJCC in September and is being adhered to.

9. Chief Finance Officer Statement

This remains a difficult process with some tough decisions to make along the way. The engagement and support of elected members in the decision making and scrutiny of the process is crucial.

The aim of the budget process is to ensure that the council delivers a balanced budget. Built into the process are a number of review points to ensure that it remains on track and it can be amended if not. The uncertainty over the level of Settlement means that the budget gap estimated may change for 16/17 but this must be viewed in the context of the likelihood that negative Settlements will continue in the medium term.

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

This is the most challenging financial period the council has faced and failure to deliver an effective budget strategy will put further pressure on services in future financial years.

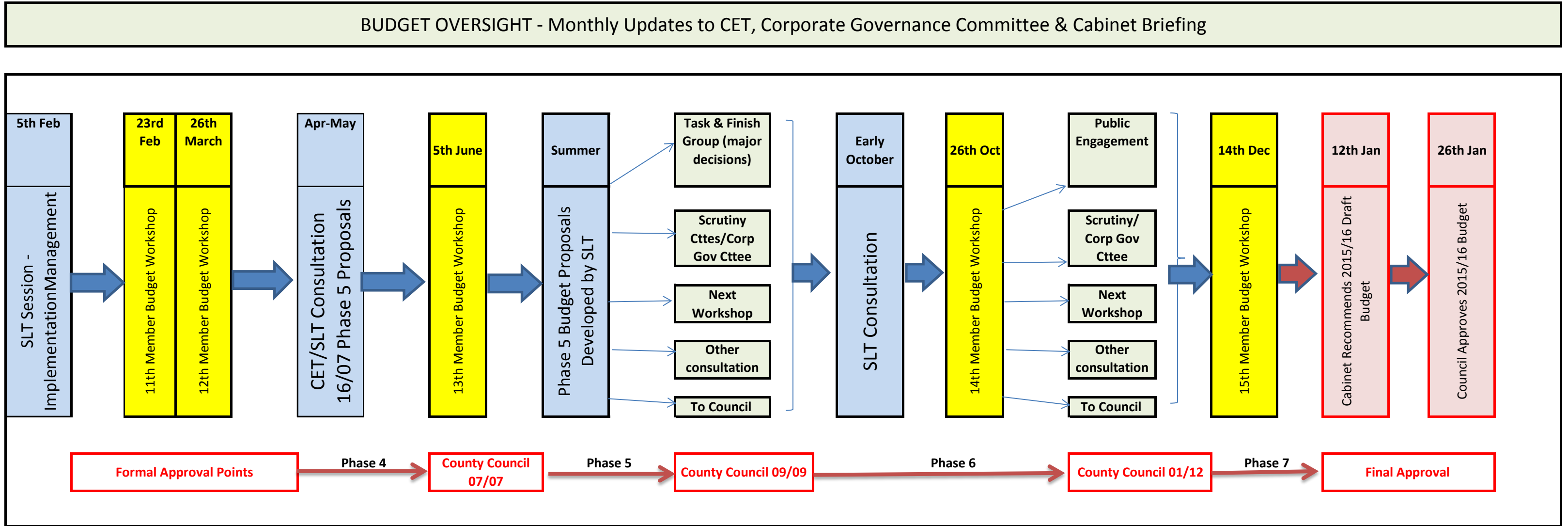
The budget process itself is a risk management measure with the aim of identifying, assessing and agreeing budget proposals in a planned and timely way. The process as outlined includes sufficient scope to review and amend if necessary. The level of proposals identified in June through both consultation with services and proposals submitted by members will inform how the remainder process continues.

Risk management of the budget process is a key consideration of the Corporate Governance Committee and specific risks have been raised in previous reports. As each proposal is identified, the financial and service risks are identified and highlighted at budget workshops as they are being developed.

11. Power to make the Decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.

PROPOSED BUDGET PROCESS 2016/17



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Report To: Corporate Governance Committee

Date of Meeting: 20th May 2015

Lead Member / Officer: Councillor Bobby Feeley, Lead Member for Social Care, Adult and Children's Services

Report Author: Rhian Morrle, Service Manager Looked After Children

Title: Financial Payments to Care Leavers Update

1. What is the report about?

This report provides an update on progress with the action plan included in the Internal Audit report on Financial Payments to Care Leavers issued in March 2014.

2. What is the reason for making this report?

Corporate Governance Committee requested a progress report at its meeting of 25th March 2015.

3. What are the Recommendations?

- The Committee reviews and comments on the progress report.
- The Committee decides whether it is satisfied with progress to date.
- The Committee decides whether it requires any further follow up reports, who from and on what date.

4. Report details.

Internal Audit's report on Financial Payments to Care Leavers issued on March 2014 included an action plan with four Moderate Issues that had 14 actions agreed to address the issues. When the Head of Internal Audit presented the report to the Corporate Governance Committee on 15 April 2014, the Committee expressed some concerns that the current payment process was unsustainable and requested that the Internal Audit follow-up review be reported to the Committee once completed.

The Committee discussed the follow up report on 5 November 2014 and 25th March 2015. At these meeting some progress against the action plan had been made but there were, at the most recent meeting, still outstanding actions mainly linked to advice sought from Collaborative Procurement Service.

Appendix 1 provides the latest update, which now shows that all actions have been completed following advice given by Collaborative Procurement Service. The service has been able to reduce its use of cash payments to young people worked with through their care leaver status or their 'Southwark' status (16 – 18 year olds who present as homeless). The use of bus passes has been particularly helpful in

achieving this and is to be used by other sections across Children and Family Services.

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

Not applicable – information report only

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

Not applicable – information report only

7. 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.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

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

Not applicable – information report only

9. Chief Finance Officer Statement

There are no financial implications attached to this report.

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

It is important that the new processes are adhered to so as to continue to limit the risks highlighted in the original Internal Audit report. Adherence to the new process will be monitored through supervision and the monitoring of payment activity.

11. Power to make the Decision

Not applicable – information report only

Action Plan

Audit Follow-up Review of: Care Leavers' Service - Financial Payments
Date: February 2015
Action Plan Owner: Head of Children and Family Services

Corporate Risk/Issue Severity Key	
	Critical – Significant CET and Cabinet intervention
	Major – intervention by SLT and/or CET with Cabinet involvement
	Moderate – Containable at service level. Senior management and SLT may need to be kept informed

Risk/Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
1. Page 27	There is a need to undertake a review of the process currently in place for making payments to care leavers.	<p>Set up a meeting with the Head of Revenues & Benefits (and other staff as required) to discuss alternative methods of procuring goods and / or making payments to care leavers Rhiain Morrle / Julie Lavin & Rod Urquhart – May 2014</p> <p>Progress at previous follow up RM to meet with Acting Strategic Procurement Manager and / or Head of Revenues & Benefits to consider other options that may be available in respect of procuring goods / services at discounted prices - Revised timescale – Dec. 2014</p>	<p>This action was altered as the issue was actually best dealt with from Collaborative Procurement Services. A meeting has been held and a Senior Procurement Officer is looking into the following areas</p> <ul style="list-style-type: none"> • The current arrangement of purchasing white goods for care leavers • The proposal for the use credit union bank accounts and if these offer best value • Extending the use of bus passes across other services, and the saving that this would bring 	Waiting for the advice and guidance from Collaborative Procurement Services regarding current arrangements. Following this advices the procedures will be finalised.

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
		<p>Following the above, to undertake a review of the current payment process and implement changes as appropriate / required. - Rhiain Morrille September 2014</p> <p>Progress at previous follow up Various providers of accounts/cards were explored. The Credit Union has cards that will meet the young people's needs with added controls, depending on their age (no overdraft, accepted in shops, used to withdraw cash). Credit Union will also accept one BACs payment and will split the money as we instruct them. JL has met with manager of the Credit Union to progress with this option.</p> <p>JL to meet the Financial Assessment Officer who processes payments for care leavers. Further meeting planned with manager of Credit Union to finalise agreement prior to implementation. Revised timescale - Dec. 2014</p>	<p>Once the report from Collaborative Procurement is received the outstanding action points from can be addressed.</p> <p>April 2015 –Update</p> <p>Collaborative Procurement Service have offered the view that the current system in place for the purchase of white goods, given the small numbers and the need to undertake direct work with young people, offer the best value for money.</p> <p>It has been agreed to further the use of bus passes across Children and Family Services.</p> <p>Credit union accounts have been actioned.</p>	<p>April 2015 –Update</p> <p>Completed</p>
	<p>Objectives should be considered to achieve the following:</p>			
	<ul style="list-style-type: none"> •Setting up a bank account or alternative for every care leaver as soon as possible following referral to the service to equip them to receive payments in this way and to learn about budget management. 	<p>Note: Bank accounts are set up for care leavers. There is a process to support some of those who are unable to manage budgeting matters. Training, support and advice is in place and bank accounts applied for when the service is confident that this best meets the assessed needs of the individual young person.</p> <p>Set up a process where six-weekly reviews of the bank account situation for each young person is monitored. Julie Lavin and other Social Workers – May 2014</p>	<p>Complete at previous follow up</p>	

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
	<ul style="list-style-type: none"> Maximising value for money through negotiating with third party suppliers, e.g. Arriva for bus passes or with white good suppliers, where greater discounts can be obtained through framework agreements. 	<p>To be factored into the overall review</p> <p>Progress at previous follow up Meeting to be held to discuss procurement matters (see note above)</p>	<p>Awaiting view of Collaborative Procurement</p> <p>April 2015 –Update Bus passes are in use across the Looked After Service, agreement has been given to extend their use across all services within Children and Family Services.</p> <p>Collaborative Procurement have offered the view that given the small numbers of white goods purchased, the issue of storage if bought in advance, and the direct work undertaken with the young person during whilst utilising their first home grant, that the current system is appropriate and offers good value for money.</p>	<p>April 2015 –Update Completed</p>
	<ul style="list-style-type: none"> To explore more modern and secure ways of making payments, such as using pre-paid cards where the level of spend can be easily monitored and controlled. This would replace the need to administer transactions through the petty cash account, which is costly and labour intensive. 	<p>To be factored into the overall review</p> <p>Progress at previous follow up Arrangements to be finalised (see note above)</p>	<p>We have explored this and have a system that we can use, however we are waiting for the view of Awaiting view of Collaborative Procurement as to the cost effectiveness of the identified scheme.</p> <p>April 2015 –Update</p> <p>Following the meetings held with Collaborative Procurement it has been agreed that The Credit union account is appropriate and will be used.</p>	<p>April 2015 –Update Completed</p>

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
	Additionally, there is a need to consider cross-service working on this project to take advantage of skill sets outside the social care environment, e.g. price negotiation and marketing.	To be factored into the overall review Progress at previous follow up Meeting to be held to discuss procurement matters (see note above)	Meeting held, areas for exploration agreed.	Completed
2.	The procedures currently in place for the Care Leavers service are in need of review but we accept that it may be practical to deal with this exercise after the previous issue has been addressed. Linked to this, associated areas of concern include the following:			
	<ul style="list-style-type: none"> The schedule of allowances payable should be reviewed and approved by an appropriate senior manager on an annual basis. 	Service Manager to review schedule Rhiain Morrille – April 2014	Completed at previous follow up Review of payment for this financial year done and no changes were made. Payments for next financial year to be agreed following confirmation of budget position. - Completed	
	<ul style="list-style-type: none"> The same should be followed for the leaving care first home grants (if they are to continue in the same way after the review). 	Service Manager to review schedule Rhiain Morrille – April 2014	Completed at previous follow up As above	
	<ul style="list-style-type: none"> All social workers dealing with care leavers may require some refresher training to help raise awareness of the need to adhere to the procedures if the service is to ensure a fair and consistent process and that the financial framework is robust. 	Workshop within Practice Group meeting Julie Lavin – April 2014 Progress at previous follow up Put back until new team member in post. To be held in November as part of team day for 14+ team and Barnardo’s Personal Advisor staff. Revised timescale – Nov. 2014	A development day for 14+ Practice Group and the Barnardo’s Personal Advisor Service has been arranged for April 2015.	April 2015 –Update Complete - Development day held on 22 nd April 2015.

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
		<p>Further revision to procedures to be made to reflect any changes to the payment process (resulting from the work in Issue 1 above) Rhiain Morrllle – After the completion of the payment process review.</p> <p>Progress at previous follow up See Issue 1</p>	<p>Awaiting view of Collaborative Procurement</p> <p>April 2015 – update Completed.</p>	<p>Completed</p>
3.	<p>Until legislation is provided in respect of the Council's duty and responsibility to young people who present themselves as homeless (under the Southwark Judgement agreement) there is a need for interim guidance on the financial support that is to be provided.</p> <p>All social workers dealing with the individuals will need to be aware of its content and to adhere to it when making payments.</p>	<p>Interim policy and guidance to be rewritten / updated and shared with all relevant staff. Rhiain Morrllle – April 2014</p> <p>Progress at previous follow up Update of interim policy – Completed with exception of RM adding a policy position statement. To be discussed at Southwark Judgement implementation group and members of Housing Services. Revised timescale – December 2014</p> <p>Further revision to procedures to be made to reflect any changes to the payment process (resulting from the work in Issue 1 above) Rhiain Morrllle – After the completion of the payment process review.</p> <p>Progress at previous follow up See Issue 1</p>	<p>Completed.</p> <p>Awaiting view of Collaborative Procurement</p> <p>April 2015 – update Completed.</p>	<p>Completed.</p>

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
4.	The service should consider setting up an agreement with the care leaver to ensure that they have a responsibility to declare a change of circumstances to their Personal Advisor or Social Worker as and when their circumstances change, e.g. when DWP benefits become payable, to mitigate the risk that the service may continue to make payments indefinitely	Work in progress - DCC, DWP and Barnardo's are currently working on a three-way confidentiality agreement that will allow certain information to be disclosed (i.e. benefit start dates). This will be followed by work on an agreement where the Care Leaver can apply for benefit six weeks prior to their 18th birthday and payment to be made soon after their 18th birthday. This will eradicate the need for a balance or a compromise in our corporate parenting 'moral' duties and ensure that we are more aware of a young person's change of circumstances. Julie Lavin, Debbie Rogers, Andrea Dixon – May 2014	Completed at previous follow up Agreement in place and in use.	
		A form for the care leaver will also be devised where they agree to inform of change of circumstances. Julie Lavin – May 2014	Completed at previous follow up Form in place and in use.	

Report To: Corporate Governance Committee

Date of Meeting: 20th May 2015

Lead Member / Officer: Barbara Smith – Lead Member for Modernisation
Alan Smith – Head of Business Improvement & Modernisation.

Report Author: Alan Smith

Title: SIRO report for 2014/15

1. What is the report about?

The report covers the period April 2014 to March 2015 and details breaches of the data protection act by the Council that have been subject to investigation by the Senior Information Risk Officer (SIRO – in DCC this is the Head of Business Improvement & Modernisation). It also covers complaints about the Council relating to Freedom of Information legislation that have been referred to the Information Commissioner, and provides some information about the Access to Information requests made to the Council.

2. What is the reason for making this report?

The Council's Data Protection Policy requires an annual report on progress to the Corporate Governance Committee to allow Member oversight of the process.

3. What are the Recommendations?

The contents of the report should be noted by the Committee.

4. Report details.

Alongside the Data Protection Officer, the Senior Information Risk Owner (SIRO) has an explicit responsibility to ensure that information held by the Council is managed safely, effectively and in accordance with the legislation. The systems designed to ensure that these roles are carried out successfully depend on transparency and openness, so it is especially important that Members have an oversight of the process.

This report is therefore designed to part of 'business as usual', in that it forms part of the commitments made in the Council's Data Protection and Access to Information policies. The appendices therefore detail some of the key actions in this area over the year to 31st March

2015, focusing on the Data Protection breaches reported to the SIRO (appendix A). Other information is included to inform Members: a list of complaints made to the Information Commissioners Office (ICO) about the Council, and the outcome (Appendix C); statistics relating to the receipt of Access to information requests and a table setting out the disputes handled by the Access to Information panel and the panel outcomes (Appendix B).

Members will note that there has been no major breach of the Data Protection Act by the Council in this period, and only two have been considered to have been sufficiently serious to report them to the ICO, as opposed to 4 last year. There has also been an overall reduction in the number of cases requiring action by the SIRO, from 8 last year to 5 this year, which can perhaps be put down to the increasing awareness of data protection issues in the Council as a whole.

Members will also note that the very high volume of access to information requests received by the Council that I drew attention to in last year's report, has continued despite the fact that we now publish more information on the DCC website than before. Overall requests for the period to 31st March stand at 1137, still more than 90 per month. Of these, 91% were responded to within the appropriate timescale. This workload is currently managed by one full time officer in the central Corporate Information team, but includes considerable time put in by nominated Information Management Officers (IMOs) in Services.

These requests are concentrated on some areas more than others and are predominantly business related. The five most frequent areas of inquiry over the last 12 months have been:

1. Public Health Funerals
2. Business Rates
3. Contracts - ICT especially
4. Looked After Children/Child Protection (- roughly 50% from the Media , the other 50% mainly from individuals)
5. Domiciliary Care/Social Care (roughly 50% from Business, 20% Media, 20% Individuals, 10 % Charities/Lobby Groups and Politicians)

Overall, of the 1137 requests, 499 (43%) came from Individuals (many of whom will be business people or media who don't identify themselves as such); 202 (17%) came from Businesses; 168 (14%) from the Media; 64 (5%) from Politicians; 56 (4%) from Charities and Lobby Groups; 41(3%) from Academics. The remainder came from other groups, including the NHS, Solicitors, Unions and the Police.

In some cases, decisions regarding access to information were challenged by the requestor or there was disagreement internally about whether information held by the Council should be released or not. These cases were reviewed by a Panel chaired by the Head of Legal, HR and Democratic Services. The panel met 3 times during the year and reviewed 7 cases. Appendix B is a list of these, along with the outcome of each review. Again, this is an improvement on last year, where a panel was required on 9 occasions to review 14 cases.

In the 14/15 period, 3 complaints under the FOI Act were made to the Information Commissioner's Office about the Council, the same number as last year (See Appendix C). Of the three, two were found in the Council's favour. In the third, we were found to be in breach of the legislation by taking too long to respond to a Subject Access Request. Whilst regretting this, the ICO recognised that it was a particularly complex piece of work and that

this factor had contributed to the lateness of the response. No further action on the part of the Council was required by the Commissioner. Since this case, procedures have been improved to ensure that complex cases are recognised early on in the process so that timely responses can be made.

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

This report supports the Council's objective to modernise, but is not directly linked to a corporate priority.

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

There are no financial implications to consider.

7. 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.

No assessment is required as this report is for information only.

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

None, this report is for information only.

9. Chief Finance Officer Statement

Not required

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

The action of members scrutinising this report is part of the process of mitigating the corporate risk relating to information management.

11. Power to make the Decision

No decision is required.

Appendix A: Data Protection Breaches 2014/2015

Date	Service involved	Description	Action taken	ICO reported
July 2014	Education	Personal data sent to wrong address	Data subject informed Address checking procedures improved EDRMS implementation accelerated	No
November 2014	Children & Family Services (CFS)	Social worker emailed sensitive personal data to home email address for family member to type up notes.	Data subject affected informed of the breach Staff member disciplined Member of staff reported to professional body	Yes
December 2014	CFS	Personal data sent to wrong address.	Improved processes for checking addresses implemented – guidance circulated to Middle Managers	No
January 2015	Housing	Files containing personal information found on Working Document Store with open access across Council	Files removed from WDS. Communication sent to Middle Managers asking them to review their files on WDS	No
March 2015	Housing	Personal data published in a report for Cabinet that was then published to website.	Data Subjects informed Met with internal staff to discuss the circumstances of the breach Committee report oversight arrangements improved – Report to SLT April 2015	Yes

Appendix B: Access to Information Panel Meetings 2014-15

Date	Reference	Subject	Outcome
15.4.2014	DP540	Complex case	Approach agreed
	FOI 3575	Cloud Services	Section 1 (1) (a) (information not held) and partial response
	FOI 3730	IT Security	Exemption 31 (law enforcement) and partial response
	FOI 3761	Empty Homes	Clarification requested from Requestor (no response)
	FOI 3689	Grounds Maintenance	Disclosed after definition debate
		Public Health Funeral FOIs	Section 31 agreed (law enforcement) for all the personal data requested. Needs to be monitored
20.8.2014	CFS letter	Discussion – complex case	Partial response agreed and Section 40 (2) applied to 4 questions (personal data).
	FOI 3945	Broadband in schools	S43 (2) exemption (commercial sensitivity) and partial response
	FOI 3975	Cleaning & Catering contracts	S43 (2) (commercial sensitivity) rejected
11.9.2014	FOI 3975	Appeal heard again as panel decision not accepted.	S43 (2) (commercial sensitivity) rejected. S1 (1) (a) info not held applied to catering questions

Appendix C: Complaints to the ICO about DCC

Date	Ref	Issue	Outcome
March 2014	DP 540	Late response to Subject Access request	ICO found that timescales had been exceeded, but no further action required.
August 2014	DP 598 (RFA0570683)	Complaint that DCC had not supplied information in accordance with the legislation.	DCC found to have acted correctly
Feb 2015	DP 392 (FER0538283)	Complaint that DCC had not supplied information in accordance with the legislation.	DCC found to have acted correctly

SIRO Report for 2014/15
20th May 2015

Equality Impact Assessment

SIRO Report 2014/15

Contact: Alan Smith, Head of Business Improvement & Modernisation
Updated: 28.04.2015

1. What type of proposal / decision is being assessed?

Other

2. What is the purpose of this proposal / decision, and what change (to staff or the community) will occur as a result of its implementation?

No decision is required. The report is for information only.

3. Does this proposal / decision require an equality impact assessment? If no, please explain why.

*Please note: if the proposal will have an impact on people (staff or the community) then an equality impact assessment **must** be undertaken*

No	The report is a summary of data protection activity undertaken by the Senior Information Risk Officer during the course of the 2014/15 financial year, and as such, is for the Committees information only.>
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4. Please provide a summary of the steps taken, and the information used, to carry out this assessment, including any engagement undertaken

(Please refer to section 1 in the toolkit for guidance)

<Type here>

5. Will this proposal / decision have a positive impact on any of the protected characteristics (age; disability; gender-reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation)?

(Please refer to section 1 in the toolkit for a description of the protected characteristics)

<Please summarise any likely positive impact and identify which protected characteristics will benefit>

6. Will this proposal / decision have a disproportionate negative impact on any of the protected characteristics (age; disability; gender-reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation)?

<Please summarise any disproportionate negative impact and identify which protected characteristics will be affected>

7. Has the proposal / decision been amended to eliminate or reduce any potential disproportionate negative impact? If no, please explain why.

<Please Select>	<If yes, please provide detail>
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8. Have you identified any further actions to address and / or monitor any potential negative impact(s)?

<Please Select>	<If yes please complete the table below. If no, please explain here>
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Action(s)	Owner	By when?
<Please describe>	<Enter Name>	<DD.MM.YY>
<Please describe>	<Enter Name>	<DD.MM.YY>
<Please describe>	<Enter Name>	<DD.MM.YY>
<Please describe>	<Enter Name>	<DD.MM.YY>
<Unrestrict editing to insert additional rows>	<Enter Name>	<DD.MM.YY>

9. Declaration

Every reasonable effort has been made to eliminate or reduce any potential disproportionate impact on people sharing protected characteristics. The actual impact of the proposal / decision will be reviewed at the appropriate stage.

Review Date:	n/a
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Name of Lead Officer for Equality Impact Assessment	Date
<Alan Smith>	<28.4.2015>

Please note you will be required to publish the outcome of the equality impact assessment if you identify a substantial likely impact.

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Report To: Corporate Governance Committee

Date of Meeting: 20 May 2015

Lead Member / Officer: Julian Thompson-Hill – Lead Member for Finance & Assets
Ivan Butler – Head of Internal Audit

Report Author: Ivan Butler – Head of Internal Audit

Title: Internal Audit Annual Report 2014-15

1. What is the report about?

This report provides the Committee with the Internal Audit Annual Report for 2014-15 that provides the Head of Internal Audit's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informs the 'annual governance statement'.

2. What is the reason for making this report?

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference require it to consider the annual report of the internal auditors.

3. What are the Recommendations?

The Committee considers and comments on the Head of Internal Audit's annual report and overall 'opinion'.

4. Report details

The Internal Audit Report 2014-15 is included as Appendix 1 and shows:

- that the Head of Internal Audit has provided 'medium assurance' on the overall adequacy and effectiveness of the Council's internal control environment, including its arrangements for governance and risk management;
- there are no qualifications attached to the Head of Internal Audit's 'opinion';
- the level of work that Internal Audit carried out to arrive at this overall 'opinion';
- how Internal Audit complies with the PSIAS; and
- a summary of Internal Audit's performance during the year.

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

N/A - there is no decision required with this report.

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

N/A - there are no costs attached to this report, as it is information only.

7. 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.

N/A - this report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

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

N/A - there is no requirement for consultation on this report, as it provides the Head of Internal Audit's independent and objective 'opinion'.

9. Chief Finance Officer Statement

N/A - there are no financial implications attached to this report, as it is information only.

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

N/A - there are no risks attached to this report, as it is information only.

11. Power to make the Decision

There is no decision required for this report but there is a requirement under the local Government (Wales) Measure 2011 for the 'audit committee' to review and assess the Council's risk management, internal control and corporate governance arrangements and to oversee the Council's internal audit arrangements.

Internal Audit Annual Report 2014-15

Ivan Butler MBA, CMIIA
Head of Internal Audit Services

May 2015

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Introduction & Background

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to deliver an annual internal audit (IA) opinion and report that the organisation can use to inform its governance statement. The annual opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, and incorporate:

- the IA opinion;
- a summary of the work that supports the IA opinion;
- a statement on the IA service's conformance with the PSIAS; and
- the results of the IA service's quality assurance and improvement programme.

Internal Audit Opinion 2014-15

In the Head of Internal Audit's opinion, Denbighshire County Council can have 'medium' assurance in the overall adequacy and effectiveness of its internal control environment, including its arrangements for governance and risk management.

There are no qualifications to this opinion.

In forming this opinion, the Head of Internal Audit (HIA) has used the same assurance ratings that IA uses in its reports.

Green	High Assurance	Risks and controls well managed
Yellow	Medium Assurance	Risks identified but are containable at service level
Amber	Low Assurance	Risks identified that require meeting with Director/Lead Member
Red	No Assurance	Significant risks identified that require member / officer case conference

The HIA has based his 2014-15 opinion on:

- the scope and outcome of IA's work during the year;
- IA report opinions and assurance ratings;
- the issues and risks that IA has raised during the year;
- the effectiveness of management's response to the issues and risks that IA has raised; and
- the outcome of the Council's review of its Corporate Governance Framework and governance arrangements 2014-15.

Summary of Work to Support the Opinion

The HIA provides regular progress reports to the Corporate Governance Committee that include:

- an update on progress with delivery of the annual IA assurance plan;
- details of IA reports issued;
- details of IA follow-up work carried out; and
- IA service performance.

IA issued 25 audit opinions during the year, categorised as follow:

Green	High Assurance	11
Yellow	Medium Assurance	13
Amber	Low Assurance	1
Red	No Assurance	0

During the year, IA provided the following audit opinions:

Area of Work	Status of Project	Assurance Rating	Comments
Statutory Assurance			
Financial Systems (Ruthin) - Activedata Testing 2013/14	Complete	Medium	
Financial Assurance 2014/15 - Ruthin-based Services	Draft report	Medium	Discussing draft report and agreeing action plan
Financial Assurance 2014/15 - Rhyl-based Services	Complete	Medium	
Welsh Government 6 th Form Funding – overall management	Complete	High	
Welsh Government 6 th Form Funding – Denbigh High School	Complete	Medium	
Welsh Government 6 th Form Funding – Ysgol Glan Clwyd	Complete	High	
Welsh Government 6 th Form Funding – Prestatyn High School	Complete	High	
Welsh Government 6 th Form Funding – St. Brigid’s School	Complete	Medium	
Welsh Government 6 th Form Funding – Ysgol Brynhyfryd	Complete	High	
Welsh Government 6 th Form Funding – Ysgol Dinas Bran	Complete	High	
Community Safety Partnership	Complete	Medium	

Area of Work	Status of Project	Assurance Rating	Comments
Corporate Procurement	Draft report	Medium	Discussing draft report and agreeing action plan
Review of Strategic HR	Complete	Medium	
Member & Officer Remuneration	Complete	Medium	
Declarations of Interest & Hospitality	Complete	Medium	
Information Governance	Complete	Medium	
Cefndy Healthcare	Draft report	Medium	Discussing draft report and agreeing action plan
Cashiers Service	Draft report	High	Discussing draft report and agreeing action plan
Education - Financial Management	Complete	High	
Education - Procurement	Complete	High	Verbal presentation to School Finance Managers
Legal Services	Complete	Low	Action plan being followed up
Coroners Service	Complete	High	
Taxi & Operator Licensing	Complete	Medium	
Cessation of Employment	Complete	Medium	
Constitutional Arrangements - S151 Officer Role	Complete	High	

IA also reviewed high inherent risks from the Corporate Risk Register and various other areas from the Corporate Governance Framework during the year, not issuing formal reports but providing positive feedback on the management of these areas.

Conformance with Public Sector Internal Audit Standards

The objectives of the PSIAS are to:

- define the nature of internal auditing within the UK public sector;
- set basic principles for carrying out internal audit in the UK public sector;
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

During the year, the HIA carried out a self-assessment of the IA service against the PSIAS. Overall, the service fully complies with the majority of the Standards and elements of the Code of Ethics, and at least partially conforms to all others. The following action plan will be implemented during 2015/16 to address areas of improvement identified during the self-assessment.

Improvement Area	Target Date
<p>HIA to amend the process and content of the IA team's annual signing of the confidentiality and declaration of interest form to raise awareness of various requirements from PSIAS:</p> <ul style="list-style-type: none"> • CIIA's Code of Ethics • Reference to DCC's Officer Code of Conduct • Requirements relating to data protection • Awareness of PSIAS 	31/05/15
HIA to check whether consultation with IA is a requirement of Financial Regulations, the project management methodology, policy development process etc. Any IA involvement could include advice on governance.	30/06/15
HIA to develop a governance framework for 'arms-length' organisations, partnerships, major service providers etc.	30/06/15
HIA to develop a fraud assurance plan during to enable the IA team to complete some proactive fraud work in future.	30/06/15
<p>HIA to review and amend the IA Charter for Corporate Governance Committee approval to take account of requirements of PSIAS:</p> <ul style="list-style-type: none"> • Changes to the IA structure following service reorganisation • Providing assurance to external partners for reviews carried out by the service • Mandatory definition of IA • Details of the form, content and frequency that the HIA will report on the internal self-assessment and independent external assessment of the service against PSIAS and progress with the resulting improvement plan. 	31/07/15
The CISA qualified Senior Auditor has just returned from maternity leave and the HIA will assess the effectiveness of succession planning in IT areas to identify any knowledge gaps that need to be addressed through training or knowledge transfer on the Senior Auditor's return to work.	31/08/15

Improvement Area	Target Date
Although a wide range of training & development is undertaken in IA, there is no record of this as evidence. HIA to develop a training log for all members of staff in the IA team.	31/08/15
HIA to review learning outcomes from the CIPFA Certificate in Corporate Governance course to see whether there are any areas that would provide beneficial to the IA service in future projects.	31/12/15
HIA to review and revise all IA guidance documents to ensure that they cover all relevant areas, processes etc.	31/03/16
HIA to develop a more formal process to obtain feedback on projects and the IA service overall	31/03/16
HIA to ensure that an external review of the IA service is completed by the due date and every 5 years after that. A report will be produced for Corporate Governance Committee once the external review completed.	31/03/18

Internal Audit Performance

IA measures its performance in two key areas:

- Provision of ‘Statutory Assurance’ - these projects ensure that the Council delivers its S151 Officer obligations, is managing its main corporate risks and has robust arrangements in place for corporate governance and delivery of its corporate priorities.
- ‘Customer Standards’ - a range of indicators to ensure that IA delivers a good service to its customers.

The results below show that, overall, the service delivered 92% of ‘Statutory Assurance’ projects during the year, with just three projects not completed. These three project will be completed as part of the 2015/16 audit work.

Given that the service has undergone a significant change during the year as part of the Freedom & Flexibilities Review, this is a considerable achievement and does not have an adverse impact on the HIA being able to provide an annual ‘Opinion’.

Where the service has not achieved 100% in its customer standards performance, the HIA has discussed the cases with relevant members of the IA team. Given the disruption to the team during the year, performance has been good, but will be improved during 2015/16.

Statutory Assurance – target 100%
Review of agreed Statutory Assurance areas in IA Assurance Plan for the Annual IA Report
Actual performance 92%, with 35 of 38 projects completed.
Customer Standards – all targets 100% (but minimum performance tolerated 90%)
Contact customers at least 2 weeks in advance to arrange a suitable date for our visit
Actual performance for the year was 100%.
Send customers the agreed Project Scoping Document before we commence work
Actual performance for the year was 96%. One project commenced without issuing the Scoping Document.
Send the customer a draft report within 10 working days of the closing meeting
Actual performance for the year was 93%. Two draft reports issued after the 10 day target (13 and 17 days).
Send the customer our final audit report within 5 working days of agreeing the draft
Actual performance for the year was 90%. Three final reports issued after 5 day target (one after 7 days and two after 8 days)

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Report To: Corporate Governance Committee

Date of Meeting: 20 May, 2015

Lead Member: Julian Thompson-Hill, Leader Member for Finance & Assets

Report Author: Ivan Butler – Head of Internal Audit

Title: Internal Audit Strategy 2015/16

1. What is the report about?

This report provides the Committee with the Internal Audit Strategy for 2015-16. The Strategy provides details of the proposed Internal Audit projects for the year that will allow the Head of Internal Audit to provide an 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year.

2. What is the reason for making this report?

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to develop a risk-based internal audit plan that takes into account the requirement to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference require it to consider internal audit's planning strategy.

3. What are the Recommendations?

The Committee endorses the Internal Audit Strategy 2015/16 (Appendix 1)

4. Report details

The Internal Audit Strategy 2015-16 provides background to the internal audit service as well as its proposed plan of work for the year based on an assessment of risk and consultation with services and Corporate Executive Team.

The proposed plan of work will allow the Head of Internal Audit to provide an overall 'opinion' in his annual report for 2015-16. This Committee will receive regular information reports on progress with delivery of the Strategy.

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

There is no direct contribution to the Corporate Priorities, but some projects in the Plan will review Corporate Priority areas and will potentially help with their delivery.

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

There are no costs attached to this report.

7. 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.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

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

The Head of Internal Audit has met with the Corporate Executive Team and heads of service to discuss proposed Internal Audit work

9. Chief Finance Officer Statement

There are no financial implications attached to this report.

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

Failure to deliver an adequate level of internal audit may mean that the Head of Internal Audit cannot provide an annual 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year. This would potentially lead to a significant governance issue being raised in the Council's 'annual governance statement' at the end of the financial year.

11. Power to make the Decision

There is no decision required for this report but there is a requirement under the local Government (Wales) Measure 2011 for the 'audit committee' to review and assess the Council's risk management, internal control and corporate governance arrangements and to oversee the Council's internal audit arrangements.

Internal Audit Strategy 2015/16

**Arrangements for delivering an
effective internal audit service**

March 2015

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Background to the Service

The Internal Audit Service is an independent and objective internal team that provides assurance and advice to all levels of management and elected members on the quality of operations within the Council. We particularly focus on governance, risk management, performance, efficiency and operational and financial control. We also provide internal audit services to North Wales Police (NWP) but this Strategy refers primarily to the service provided to Denbighshire County Council.

The service works to the Public Sector Internal Audit Standards (PSIAS) that include a Code of Ethics that the team must abide by. The objectives of the PSIAS are to:

- define the nature of internal auditing with the UK public sector;
- set basic principles for carrying out internal auditing in the UK public sector;
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

PSIAS definition of internal auditing...

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our main objectives are to...

...provide independent assurance and advice to management and elected members on risk management, governance and internal control;

...develop and promote our role to make a significant contribution to the Council's priority to modernise and deliver efficiencies and improve services for our customers; and

...add value in all areas of our work, providing excellent service to our customers.

Our team is very proactive and innovative, constantly aiming to improve and we have recently reorganised as part of the Council's efficiencies programme to focus our work more in key areas. Over recent years, we have developed a very successful customer-focused approach to audit planning, project scoping and service delivery, involving elected members, senior management

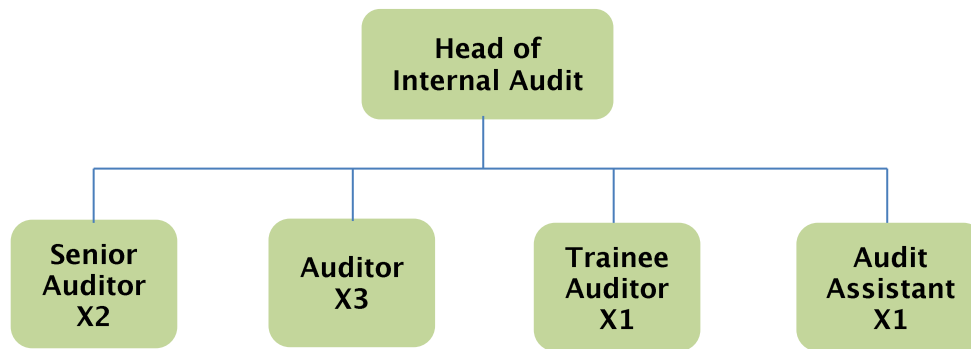
and operational staff that has made us a valued service within the Council, contributing to service improvement as well as providing assurance.

Our work provides a risk-based approach that allows the Head of Internal Audit (HIA) to form and evidence his opinion on the control environment to support the Council's annual review of its governance arrangements. Our Internal Audit Strategy therefore links closely to the Council's Governance Assurance Framework, taking account of other assurances that the Council may receive, internal or external, to prevent duplication and co-ordinate regulatory work. It also takes account of discussions with senior management to identify projects that will add value to them.

The HIA may also provide assurance to other organisations that work in partnership with DCC if the IA service has carried out work in that area of service, particularly if the other organisation is the lead partner.

Service Structure

The recent service restructure means that we have reduced the tiers within the service from five down to two, as it was considered top-heavy and hierarchical. The new structure will significantly reduce costs and improve efficiency and communication.



Internal Audit Annual Plan 2015/16

Area of Work	Plan Days	Assurance				Comments
		S151	AGS	IA Annual	CET/SLT	
DCC Corporate & Service Assurance						
Financial Systems	68	■	■	■	■	Annual review of accounts payable, payroll, treasury management, VAT, budgetary control etc.
Financial planning and performance	12	■	■	■	■	Review impact of efficiencies on performance
Revenues Services	35	■	■	■	■	Contingency for review of new arrangements (IA role to be agreed)
Housing Rents	20	■	■	■	■	Annual review of selection of areas within the service
WG 6th Form Funding/PLASC	30					Welsh Government requirement to ensure proper use of 6 th form funding
Council-Funded Service Providers / Partnership working	30		■	■	■	Framework for Council-funded service providers
Project Management	40	■	■	■	■	Review management of a sample of key projects
Procurement	40	■	■	■	■	Annual review. Scope to be agreed with new Head of Service
Corporate Governance - review of Constitution roles & responsibilities	15		■	■	■	Review progress with developing new Constitution & whether it meets requirements of governance framework
Corporate Governance - review of Part 2 Criteria	15		■	■	■	Review of criteria for Part 2 reports and the consistent implementation of the criteria.
High Corporate Risk Assurance	25	■	■	■	■	Management of the high inherent corporate risks from the Corporate Risk Register in place at the time of audit.
Corporate Safeguarding	10		■	■	■	Follow up of 2014/15 Internal Audit review

Area of Work	Plan Days	Assurance				Comments
		S151	AGS	IA Annual	CET/SLT	
Cashiers / Income / Banking Controls	20	■	■	■	■	Review internal controls in a sample of cash handling sites and reconciliation procedures in place corporately.
IT Assurance Work	60		■	■	■	Contingency for projects to be agreed with Business Transformation & ICT Manager.
Sickness Absence Management	30		■	■	■	Review the new arrangements put in place during 2014/15 to manage sickness absence.
Ruthin Craft Centre	15	■		■	■	Review of expenditure, exhibitions, lettings, income collection, management processes etc.
Industrial Estates	25	■		■	■	Review of expenditure, lettings, income collection, management processes etc.
Paris Financials	20	■		■	■	Operational review requested by Director of Social Services - scope to be discussed and agreed.
Protection of Vulnerable Adults	20		■	■	■	Review of arrangements and operations to ensure the protection of vulnerable adults.
Direct Payments / Independent Supported Living	20	■		■	■	Operational review to ensure direct payments effectively managed, not abused, well-promoted etc.
Community Living	20	■		■	■	Top-down review to ensure processes & procedures are efficient & effective in dealing with clients' monies.
Highways Asset Management	20			■	■	Operational review requested by Head of Service - scope to be discussed and agreed.
Public Transport	20	■		■	■	Operational review of procurement, contracting, monitoring arrangements, compliance with government grant conditions.
Building Cleaning	20	■		■	■	Service under review and new management. Review of expenditure, operational efficiency, income charging etc.
Fleet Management	25	■		■	■	Operational review requested by Head of Service - scope to be discussed and agreed.
Parking Services	25	■		■	■	Review of income collection procedures, enforcement, value for money of partnership arrangements for DCC.
Community Enforcement	20	■		■	■	Operational review of arrangements with external enforcement agency for Head of Service assurance.

Area of Work	Plan Days	Assurance				
		S151	AGS	IA Annual	CET/SLT	Comments
Housing Enforcement	20			■	■	Review of HMOs, including new DCC policy implementation.
IT Management in Schools	25			■	■	Contracts, procurement, security, environmental controls etc.
HR Management in Schools	25			■	■	Appointments, leavers, strategic arrangements etc.
Information Management in Schools	25		■	■	■	DPA, FOI, EIR, security etc.
Leadership in Schools	20			■	■	Joint project to look at head teachers' management role, training etc. to be agreed with Head of Service.
Internal Audit Project Follow Ups	80	■	■	■	■	Contingency for following up IA report action plans
Special Investigations & Fraud Prevention	60	■	■	■	■	Contingency for management of and joint working with Corporate Fraud Officer.
Brought forward projects	30	■	■	■	■	Contingency to complete outstanding projects from 2014/15
DCC Assurance Total	985					
Corporate Support work						
Corporate Governance Framework & Annual Governance Statement	15					
Consultancy & Corporate Areas	50					Contingency for committee meetings, working groups etc.
Corporate Support Total	65					

Area of Work	Plan Days	Assurance				Comments
		S151	AGS	IA Annual	CET/SLT	
External Services						
Natural Resources Wales	60					Contingency for final two financial service reviews to complete contract and possible IT audits.
North Wales Police	200					Year two of three-year contract.
School Funds	25					Contingency for requests to audit school funds for fee.
External Services Total	285					
Rechargeable Service Total	1335					
Overheads						
IA Team Meetings, 1:1s, Appraisals etc.	50					
IA Management	60					
IA Training & Development	80					
Overheads Total	190					

Service Standards

To measure how well we deliver our essential audit work and a customer-focused service, we use following performance measures:

Customer Service Standard	Target
We will contact you at least 2 weeks in advance to arrange a suitable date for our visit.	100%
We will discuss, agree & send you the Internal Audit Project Scoping Document before we commence work.	100%
At the conclusion of our work, we will hold a closing meeting with all relevant people to discuss the outcome of our work, and then send you a draft report within 10 working days of that meeting.	90%
Once we have agreed the draft report and any actions plan with you, we will send you the final audit report within 5 working days.	90%

Report To:	Corporate Governance Committee
Date of Meeting:	20 May, 2015
Lead Member / Officer:	Barbara Smith – Lead Member for Modernising & Performance Ivan Butler – Head of Internal Audit
Report Author:	Ivan Butler – Head of Internal Audit
Title:	Governance Improvement Plan & Draft 'Annual Governance Statement 2014/15

1. What is the report about?

This report provides an update on the Council's Governance Improvement Plan arising from the Council's 2013/14 'annual governance statement' - '*Delivering good governance and continuous improvement*'. It also presents a first consultation with the Committee on the self-assessment report on the Council's governance and improvement arrangements for 2014/15.

2. What is the reason for making this report?

This report provides information to the Committee on progress being made with implementation of the various actions included in last year's Governance Improvement Plan to ensure that the Council has robust and effective governance arrangements in place.

It also provides the Committee with the opportunity to comment on the first draft of this year's 'annual governance statement'.

3. What are the Recommendations?

- The Committee reviews and comments on progress on last year's Governance Improvement Plan (Appendix 1)
- The Committee reviews and comments on the draft 'annual governance statement' for 2014/15 (Appendix 2)

4. Report details.

In 2013/14, the traditional 'annual governance statement' was replaced with a document entitled '*Delivering good governance and continuous improvement*'. This document provided a transparent and balanced self-assessment of the Council's governance arrangements, highlighting any significant governance weaknesses and other areas for improvement.

The improvement areas were included in a Governance Improvement Plan that also provided proposed actions to address the weaknesses, officers responsible for the actions, and timescales. This report provides the latest update on progress with the Governance Improvement Plan included as Appendix 1.

Appendix 2 provides the first consultation draft on the 2014/15 *'Delivering good governance and continuous improvement'* report that will include any areas from last year's Governance Improvement Plan that remain outstanding. The Committee should note that this is a very early draft that is still a work in progress and needs to be discussed further, particularly with Senior Leadership Team. The agreed final version will be signed by the CEO and Leader by 30 June 2015 and presented to this Committee with the Statement of Accounts.

The document in Appendix 3 provides an 'at a glance' view of the direction of travel for areas that have changed since last year's 'annual governance statement'.

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

While the 'annual governance statement' self-assessment does not directly contribute to Corporate Priorities, it provides an assessment and assurance on the delivery of the Corporate Plan, the Council's operational and financial performance, governance arrangements, community engagement etc. that are all directed towards delivering the Corporate Priorities.

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

There are no costs attached to this report and the only impact on services is where the report identifies improvement areas; however, services will already be aware of these and should be building this into their service planning.

7. 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.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

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

This is an information report only. The only consultation so far has been with the officers with responsibility for implementing the actions identified within the Governance Improvement Plan and contributing changes to the 'annual governance statement' 2014/15.

9. Chief Finance Officer Statement

There are no financial implications attached to this report.

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

If the Governance Improvement Plan is not implemented, weaknesses will remain in the Council's governance arrangements, which could lead to:

- adverse regulatory reports;
- poor use of public money;
- failure to improve key corporate and service areas;
- loss of stakeholder confidence; and
- an adverse impact on the Council's reputation.

11. Power to make the Decision

There is no decision required for this report but there is a requirement under the local Government (Wales) Measure 2011 for the 'audit committee' to oversee the Council's corporate governance arrangements.

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Governance Improvement Action Plan – Progress Report March 2015

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
Significant Governance Issues				
<p>In future, we accept that some services and functions will stop or be transferred to others who may be able to deliver them at lower or no extra cost. We need to review our governance arrangements to take account of this, ensuring that public money is spent wisely and the public continues to receive good services and value for money.</p>	<p>We will be implementing new monitoring arrangements during 2014 to ensure that any third party or arms-length service providers have robust governance arrangements, and will implement scrutiny arrangements to monitor their financial and operational performance.</p> <p>The Head of Internal Audit produced a 'good practice' report in May 2014 that CET will discuss in July 2014 to agree the way forward.</p>	<p>Initial review by Head of Internal Audit, which will lead to further action plan for implementation of new arrangements</p>	<p>Preliminary report by 31 May 2014, with further action plan for implementation of new arrangements to be agreed</p>	<p>In progress – new target date 30/06/15</p> <p>'Phase 1' report to CET in July 2014 and Corporate Governance Committee in September 2014.</p> <p>CET commissioned Head of Internal Audit to lead 'phase 2', which is development of framework for DCC. Due to changes in Internal Audit, this work will now be carried out by 30 June 2015.</p>
<p>Our Internal Audit service provided a critical report on the procurement of construction services that highlighted several weaknesses, including that our procurement strategy is out of date. Internal Audit's recent follow up of the improvement action plan shows that, although we have developed a new draft strategy and Contract Procedure Rules, progress with improvement is slow and behind schedule.</p> <p>Also in procurement, we are involved in the development of some key projects but the creation of the National Procurement Service has also added to the</p>	<p>There is a separate action plan for dealing with the issues raised in the Internal Audit report.</p>	<p>Head of Finance & Assets (service now under the Head of Communication, Marketing & Leisure)</p>	<p>As per action plan</p>	<p>In progress – new target date May 2015</p> <p>Follow up of IA & WAO Action Plans reported to Corporate Governance Committee on three occasions and is behind schedule. The Committee requested a further update in May 2015.</p>
	<p>The Council is fundamentally changing significant elements of its procurement. In May 2014, Cabinet approved the merger of Flintshire and Denbighshire procurement teams to create a larger more robust team. It also approved the move towards category management in conjunction with Flintshire and Gwynedd.</p>			<p>New team in place July 2014. Move to Category Management to take place up to 2016.</p>

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
<p>complexity of procurement arrangements and led to a loss of staff to the new organisation, with potential further staffing losses.</p> <p>We are aware that we are entering a critical period in relation to strategic procurement and the major changes that we are making; therefore, we will need to keep this area under regular review to ensure that the identified improvements are implemented and that the strategic programmes of change are successfully delivered.</p> <p>Page 72</p>	<p>A training programme has begun with relevant finance staff attending first.</p>		<p>Training programme is underway.</p>	<p>In progress</p> <p>Training provided for finance staff and school finance managers. Members of staff undertaking procurement activities have been identified and contacted regarding a wide range of procurement training courses being held between February and May 2015.</p>
	<p>The Procurement Strategy is being re-drafted to better link with the Economic Development Strategy. Contract Procedure Rules are overdue but are currently with Legal Services for review.</p>		<p>Strategy due by August 14, as are CPRs</p>	<p>In progress - new target date March 2015</p> <p>A draft strategy has been developed and issued to services for consultation. The agreed draft will be presented to Corporate Governance Committee in March 2015 for consideration. In the meantime, the Council continues to use the current strategy.</p>
	<p>The E-Sourcing project is due for implementation over the summer, along with Centralised Invoice Registration and improvements to Proactis for purchase order numbers.</p>		<p>Centralised Invoice Registration going live from July 2014.</p>	<p>In progress - new target date 31/03/15</p> <p>Due to delays, roll-out will now be by 31 March 2015. Highways has expressed an interest in being a pilot to undergo training on the system as a 'first adopter'. This will be followed by Social Care.</p>

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
Partnership Governance				
<p>We are aware that not all partnerships use the partnership toolkit, so, as part of a comprehensive review of the partnership landscape, we need to review the guidance to ensure that it is user-friendly and effective. This review will also provide a greater knowledge and understanding of partnership activity and develop a better corporate understanding of the challenges of operational partnerships.</p>	<p>Practice-based review of governance toolkit</p>	<p>Head of Business Improvement & Modernisation</p>	<p>October 2014</p>	<p>In progress – new target date 30/06/15</p> <p>The review of the toolkit will form part of the Head of Internal Audit’s review of third party and arms-length organisations.</p>
<p>Our partnership governance toolkit provides guidance on defining each partner's role in the partnership, line management responsibilities for staff supporting the partnership and legal status but does not provide clear guidance on the roles of partnership board members. We have already identified the need to review this guidance, as we are aware that it is not always used by partnerships.</p>	<p>Practice-based review of governance Toolkit</p>	<p>Head of Business Improvement & Modernisation</p>	<p>October 2014</p>	<p>In progress – new target date 30/06/15</p> <p>The review of the toolkit will form part of the Head of Internal Audit’s review of third party and arms-length organisations.</p>

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
Constitution				
<p>The Council's main governance guidance is provided in our comprehensive Constitution that clearly sets out respective roles and responsibilities of elected members and officers, particularly relating to governance, although it needs to be updated to take account of changed role titles and elected member portfolios.</p>	<p>A new Model Constitution has been developed for Wales. The Council's current Constitution will be reviewed in light of the new model and updated to reflect changed job titles and portfolios.</p>	<p>Head of Legal, HR & Democratic Services</p>	<p>Constitution working group to meet by September 2014, with further reports to Corporate Governance Committee and Council. New model to be adopted by 31 December 2014</p>	<p>In progress</p> <p>Head of Legal, HR & Democratic Services to provide a progress report to Corporate Governance Committee on 25 March 2015.</p>
<p>Our codes of conduct for elected members and employees form part of induction training, although we need to ensure that we have arrangements in place to ensure that we regularly raise awareness of these codes.</p>	<p>Elected members have been provided with several training sessions on the Code of Conduct and refresher sessions are made available each year. A strategy for maintaining awareness among employees will be developed.</p>	<p>Head of Legal, HR & Democratic Services</p>	<p>Refresher sessions for elected members will be provided before March 2015. An awareness training strategy for employees will be implemented by March 2015</p>	<p>In progress</p> <p>Code of Conduct refresher training was provided to elected members on 3 February 2015. The awareness raising strategy for employees has not yet been progressed.</p>

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
Equalities				
<p>We are continuing our work to improve awareness of equalities issues. But Internal Audit's staff survey found that there is still work to do to improve awareness of corporate equalities arrangements.</p>	<p>The Corporate Equalities Group will discuss the Internal Audit report at its July 2014 meeting. At the same meeting, the Group will consider for approval a new e-learning training module on equalities issues. Following approval, this new module will be rolled out.</p>	<p>Head of Business Improvement & Modernisation</p>	<p>Autumn 2014</p>	<p>In progress</p> <p>CEG considered the E-learning module in October 2014. It should be rolled out corporately. In response to the Internal Audit report, CEG anticipates that the e-learning will increase awareness of equalities issues across the Council. SLT will provide details of members of staff who are required to complete the e-learning - particularly those members of staff who are deemed as front facing or likely to directly interact with people from/with protected characteristics</p>
<p>Equality Impact Assessments are now mainstreamed into our decision-making process, but we still need to improve the quality of some of these assessments and will be introducing a quality assurance process during 2014.</p>	<p>The Head of Internal Audit will carry out a quality control review of a sample of Equality Impact Assessments during 2014/15 and feed back to Heads of Service to improve the quality of future Assessments.</p>	<p>Head of Internal Audit</p>	<p>Commencing September 2014</p>	<p>In progress</p> <p>This issue was debated at the Corporate Equalities Group. Alternative quality control ideas are being considered. Performance Scrutiny Committee has been asked to incorporate QA of the equality impact assessments as part of its standing agenda. This is to be confirmed.</p>
Policy Framework				
<p>We have an anti-fraud and corruption policy, although we have not reviewed and updated this since 2006.</p>	<p>This policy has been reviewed and a new draft policy will be presented to Corporate Governance Committee.</p>	<p>Head of Legal & Democratic Services</p>	<p>November 2014</p>	<p>In progress</p> <p>The draft amended policy was considered by Corporate Governance Committee on 5 November 2014 but is still to be finalised.</p>

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
<p>Our environmental policy is out of date and we do not have a formal corporate approach to environmental management that would help to demonstrate our values and ethics by committing to ensuring that we help to maintain, enhance and use natural resources sustainably now and in the future.</p>	<p>There are currently no plans to revisit our existing policies; however, sustainability is now a core principle in our community planning and is reflected in Denbighshire's draft Well-being Plan, due for publication in November 2014.</p>	<p>Head of Business Improvement & Modernisation</p>	<p>November 2014</p>	<p>We have no plans to update the current policy. No further action is planned.</p>
<p>Regulations & Standards</p>				
<p>We have an independent and objective internal audit service providing assurance across the whole range of DCC's services, including partnerships. The service has not yet carried out the required self-assessment review to ensure that it complies with the new Public Sector Internal Audit Standards but plans to do this early in 2014/15.</p>	<p>Self-assessment review against Public Sector Internal Audit Standards and report outcome to Corporate Governance Committee.</p>	<p>Head of Internal Audit</p>	<p>Review complete by 30 September 2014 and reported to next available committee meeting</p>	<p>In progress Self-assessment completed and an improvement plan developed. This will be included in the Internal Audit Annual Report 2014/15 and reported to Corporate Governance Committee for monitoring.</p>

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
<p>We have made significant improvements in information governance during the year; however, we recognise that we still have a lot of work to do but have identified this in our Information Management Strategy, for example:</p> <ul style="list-style-type: none"> • develop e-learning modules for several areas of training; • improve the policy framework in areas such as email, records management and information security; • digitise catalogues and collections in our archives; • enhance our Publication Scheme and Disclosure Logs; • revise and embed the corporate retention schedule; and • achieve PSN accreditation for 2014. 	<p>We will continue to implement the Information Strategy</p> <p>E-learning on data protection is now in place</p> <p>Other actions on-going</p>	<p>Head of Business Improvement & Modernisation</p>	<p>Roll out to be completed September 2014</p>	<p>In progress</p> <p>Corporate Information Manager to provide a separate progress report to Corporate Governance Committee on 25 March 2015.</p>
Elected Members				
<p>Scrutiny Committees produce annual reports on their work to County Council but the Corporate Governance Committee's self-assessment highlighted that it had not formed part of this performance monitoring arrangement in recent years.</p>	<p>Head of Internal Audit to work with Chair of Corporate Governance Committee to produce report on the Corporate Governance Committee's performance and effectiveness for 2013-14.</p>	<p>Head of Internal Audit/Chair Corporate Governance Committee</p>	<p>Draft report by 31 July 2014</p>	<p>Complete</p> <p>Item for discussion at Corporate Governance Committee in September 2014.</p>

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
Stakeholder Engagement				
Our latest resident survey highlighted that most people do not feel well-informed about the Council's performance and a range of other issues asked in the survey.	We will continue to publish user-friendly performance information on the Council's website.	Head of Business Improvement & Modernisation	On-going	No further action is planned
	The Council's Corporate Communications Strategy Year 2 Action Plan includes various actions that will improve communication with residents to raise more awareness. This Strategy forms part of the team's service plan for 2014/15.	Various	Various timescales but Strategy to be implemented fully by 31 March 2015	Complete Part of Internal Audit review 2014/15 - no issues raised

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
<p>The value of effective business engagement is only just being recognised, which means that we have a lot more work to do before we see the benefits that result from recent developments. We need to ensure that effective opportunities exist for businesses to provide feedback on the delivery of the Economic and Community Ambition Strategy / Programme and identify what we need to do to make engagement with the Council a valuable activity for businesses. In the longer term, as key stakeholders in the delivery of the overall vision for our economy, we need to increase business participation in making decisions about how we plan and invest Council budgets and resources for greatest economic effect.</p>	<p>Leader and Corporate Director for Economic and Community Ambition to undertake annual visits to Business Groups and to the Top 10 businesses in the county to ensure that we are doing all we can to support local businesses and facilitate easy and accessible contact with senior decision makers within the Council.</p>	<p>Leader & Corporate Director for Community Ambition</p>	<p>Annual</p>	<p>Outstanding</p> <p>Visits to top 10 businesses have not progressed yet. Priority has been given to supporting the Freedoms and Flexibilities process and reviewing the Economic & Business Development (EBD) team.</p> <p>The review of the EBD team includes creating three roles to allow specific focus on business engagement - one generic role to support business networking and advice signposting, and two lead officer roles focusing respectively on high growth and lower growth potential key businesses.</p> <p>The Economic & Community Ambition Board has requested this to be a priority for 2015, with a plan to be presented to the Board in March 2015. The Board has suggested one business visit per month.</p> <p>One visit was carried out in January 2015, which proved to be very useful, allowing facilitation of contact with relevant council services to allow the business to discuss its plans for growth.</p> <p>The Council also received feedback from a study undertaken by a research fellow on its behalf in which he spoke with eight key businesses, which the Council will now be able to follow up.</p>

Improvement Area	Action	Responsibility	Original Timescale	Progress to Date
<p>Our Strategic HR service is working on a major programme to improve its performance since being identified as a significant governance issue in last year's Annual Governance Statement. The service has also reported its progress on implementing improvements arising from an adverse Internal Audit report to the Corporate Governance Committee. There are still concerns over the delivery of the improvement programme.</p>	<p>A project to ensure that we are recognised as business-friendly. This will improve our engagement, both on a one to one business basis and also on a collective basis.</p>	<p>Public Protection Manager</p>	<p>Project timescales within Economic & Community Ambition Strategy</p>	<p>In progress</p> <p>This action now forms a project (Better Business For All) within the Economic & Community Ambition Strategy and is monitored as a project on Verto and by the Economic Ambition Board.</p> <p>It will therefore no longer be reported as part of the action plan to avoid duplication.</p>
	<p>Annual survey of businesses. The results of the first survey are currently being collated and will inform how we work with businesses in future.</p>	<p>Economic & Business Development Manager</p>	<p>Annually in June</p>	<p>Complete</p> <p>Survey complete and results being analysed for reporting to and discussion at the Economic Ambition Programme Board.</p>
	<p>Internal Audit review to assess progress with improvement. Report to Corporate Governance Committee on outcome of review.</p>	<p>Head of Internal Audit</p>	<p>Review complete by 30 June 2014 and reported to next available committee</p>	<p>Complete</p> <p>Review completed and reported to Corporate Governance Committee in September 2014.</p>



Delivering good governance and continuous improvement

Assessment of the Council's governance and improvement arrangements for 2014-15

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Introduction

Why do we need an annual assessment of our governance arrangements?

Denbighshire County Council is responsible for ensuring that it has robust governance arrangements in place so that it does the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable way. Good governance is essential to both the Council and the public. It supports the Council in making the right decisions, reduces the likelihood of things going wrong and protects it when problems do occur. It inspires confidence in the public that we are taking decisions for the right reasons, protecting service quality and spending public money wisely.

This document explains and assesses our governance arrangements for 2014-15 and identifies any improvements needed to make the arrangements more robust.

Self-assessment of our arrangements

Within our annual governance review, we are required to carry out a self-assessment of our arrangements. In the past we have also carried out a corporate self-assessment showing how we achieve continuous improvement, but we now combine these self-assessments in an approach to avoid duplication, as managing and monitoring of performance and improvement is also an important element of good governance. This innovative self-assessment helps us to understand our strengths and weaknesses in relation to the six key principles of good governance that we use in our governance framework:

Focusing on our purpose and on the outcomes for citizens and service users

Performing effectively in clearly defined functions and roles

Promoting values for the whole organisation and demonstrating good governance through our behaviour

Taking informed and transparent decisions and managing risk

Developing our capacity and capability to be effective

Engaging with local people and other stakeholders to ensure robust public accountability

Summary of our governance arrangements

Review of effectiveness

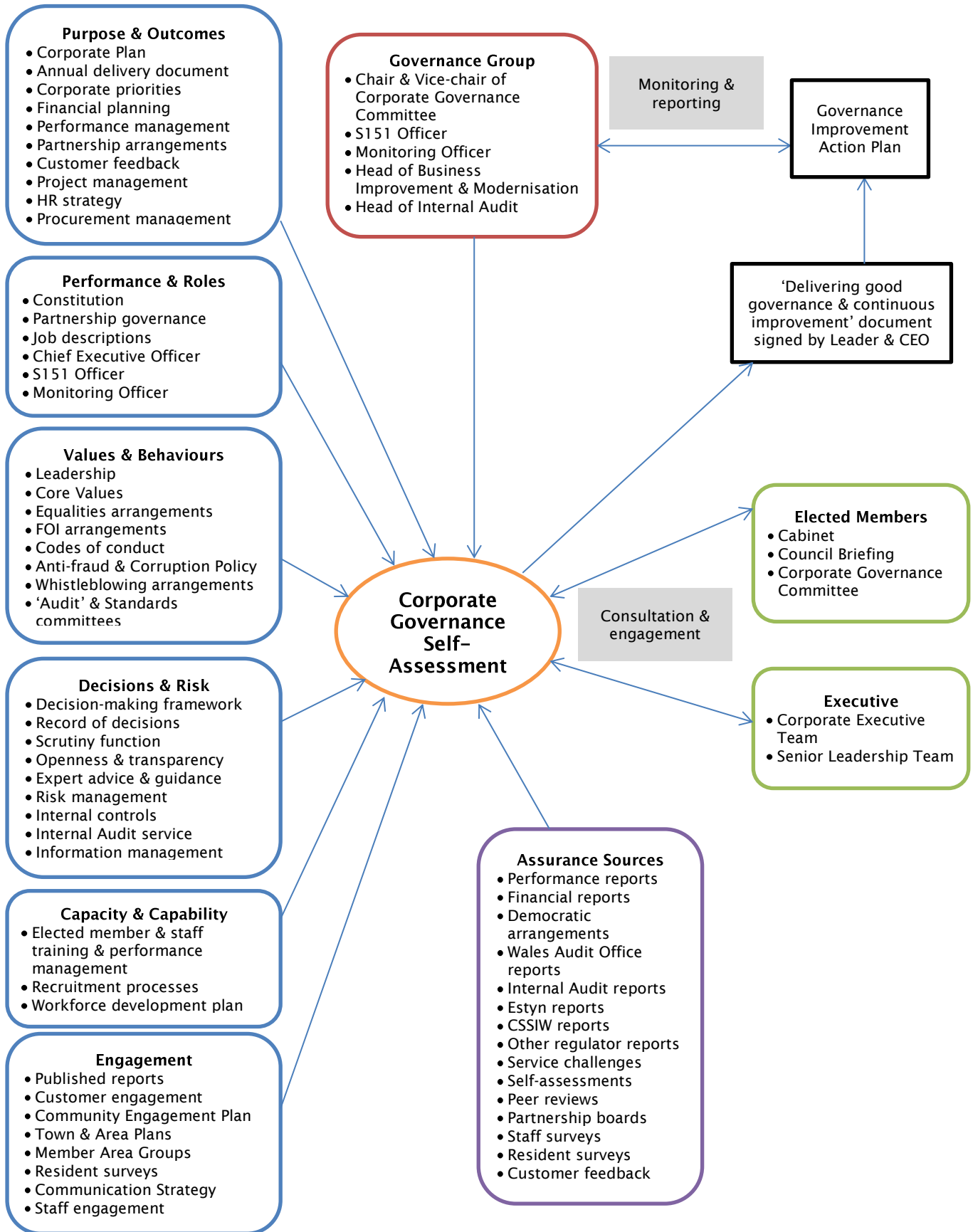
We are required to review the effectiveness of our governance arrangements each year, which includes:

- maintaining an on-going evidence framework showing how we can give assurance on our governance arrangements;
- regularly reviewing the effectiveness of the Council's Constitution;
- reviewing governance arrangements within services delivered on our behalf by partnerships, arms-length organisations etc.;
- having a 'virtual' Governance Group comprising the Chair and Vice-chair of the Corporate Governance Committee, Head of Finance & Assets (S151 Officer), Head of Legal, HR & Democratic Services (Monitoring Officer), Head of Business Improvement & Modernisation, and Head of Internal Audit to monitor governance arrangements, develop our self-assessment and any action plans arising from it;
- consulting widely on our self-assessment with senior management and elected members;
- providing training for elected members to ensure that they fully understand their roles and responsibilities relating to corporate governance; and
- using information from various sources to inform our governance arrangements, for example, service challenges, performance reports, risk management, external regulator reports, the Head of Internal Audit's Annual Report.

In summary, our self-assessment provides evidence and assurance that the Council has robust governance arrangements in place. Where we have identified areas for improvement, we have an action plan to address them (Appendix 1).

We will monitor and report progress on the action plan to the Corporate Governance Committee on a regular basis.

Summary of our governance framework



Focusing on our purpose and on the outcomes for citizens and service users

...we are clear about what we are trying to achieve

Our Corporate Plan 2012-17 clearly shows what we are aiming to achieve and sets out our priorities for the five year period. Each year we develop a Corporate Plan Delivery Document to show what we expect to do in the forthcoming year to support the delivery of our priorities and how we will go about it. The Wales Audit Office Annual Improvement Reports conclude that we are making good progress in delivering our improvement programme, that our corporate performance management arrangements support reliable self-evaluation and that our arrangements to support improvement are good. **(Paragraph to be updated once latest WAO report received)**

We have clearly stated how our corporate priorities link to our medium-term financial plan and have identified financial and staffing resources to support the delivery of our objectives. We sought residents' views on the cuts that we are considering, to engage them more on how these cuts will impact on them and their communities and what can be done to lessen the impact. We recognise that the scale of cuts that we need to make will not be evenly spread across our services, mainly because some services, like schools, must be protected, while other areas are high priority and high risk, such as social services. Others are important statutory functions that we must continue to do, like planning, payroll, financial management and regular performance reporting to Welsh Government and regulators.

While the scale of these cuts will inevitably mean that we have to do 'less with less' we will still continue to provide vital universal services. The difficult budget decisions that we are now having to make are not only about balancing the books for the next two years, but they will also shape local services that will be provided in the future. We are a high performing Council and this will not change, even after these cuts are implemented.

As part of reviewing the way we work, we are reviewing our governance arrangements to ensure that public money is spent wisely and that the public continues to receive good services and value for money. We will be implementing new monitoring arrangements during 2015 to ensure that any third party or arms-length service providers have robust governance arrangements, and will implement scrutiny arrangements to monitor their financial and operational performance.

We have also reviewed the way we deliver services through our Town and Area Plans during the year to improve clarity around the overarching policy intentions of the Plans and to improve the consistency in how they are developed and delivered. Improvements will also ensure that Plans are more strategic, provide clearer information on anticipated benefits and how impacts will be measured. Cabinet has

endorsed the preparation of revised lists of priority projects and a new process for allocating funding to these projects.

We have a comprehensive partnership governance toolkit that provides guidance to ensure that, for each partnership, there should be a clear statement of the partnership principles, objectives and proposed outcomes. It also includes guidance on measurement of service quality so that customers receive good service, however we deliver our services. We are aware that not all partnerships use the toolkit, so we need to review the guidance to ensure that it is user-friendly and effective. This is a follow-up piece of work from our Partnership Landscape review, which began under the auspices of the Denbighshire Strategic Partnership Board. This review has informed local and national policy by highlighting the complexity of partnership activity in Denbighshire and beyond.

...we make sure that service users receive a high-quality service and value for money

We monitor our performance regularly, take half-yearly reports to Scrutiny and Cabinet meetings and produce an Annual Performance Report to evaluate progress. We are planning to increase reporting to Scrutiny and Cabinet to quarterly to maintain a focus on performance during a period of service reduction.

Denbighshire has maintained its position as the best performing council in Wales for a fourth year according to the Welsh Government's National Strategic Indicators:

- Of the 30 National Strategic Indicators, 16 were in the top quartile
- Above the median, our position has slipped slightly, now ranking second in Wales
- We have seen improvement in 19 indicators
- We performed among the best in Wales in 6 indicators

The Service Performance Challenge uses a variety of reports and a service self-assessment to review performance against the service plan, benchmarking information and a 'need and demand' report, which highlights possible future pressures and changes in the external environment to which the service may need to respond. This process has been highlighted as good practice through the Care and Social Services Inspectorate Wales (CSSIW) recent annual report.

"Within the council there is keen interest and support from elected members. They play a key role in the exemplary 'service challenge' meetings where they question lead officers about the performance and impact of the council's services."

The Wales Audit Office provided an unqualified audit report on our financial statements for 2013-14, raising no significant issues or material weaknesses in our internal controls. Our Internal Audit service reviews our key financial systems annually and provided positive reports during the year. However, in 2013/14,

Internal Audit produced a critical report on the procurement of construction services that highlighted several weaknesses, including that our procurement strategy was out of date. During 2014/15, Internal Audit has continued to monitor progress on the report's improvement action plan and report it to Corporate Governance Committee. These reviews show that progress with improvement has been slow and several deadlines missed, so procurement remains a significant governance issue later in this document.

The programme and project management methodologies, and the Verto system are working well across the Council, with some real deliverables now being realised. Overall, visibility of our activities is improved through effective and consistent reporting on our projects to Corporate Executive Team (CET) and various committees.

The Verto system has now been developed and extended to incorporate the Council's performance management processes. Forthcoming service business plans are currently being developed using the system. Through the flexibility of the system, we are able to integrate our service business plans with programme and project activities, thus being able to report using key dependencies, such as progress against outcomes or priorities.

Performing effectively in clearly defined functions & roles

...we are clear about the roles and responsibilities in our organisation

The Council's main governance guidance is provided in our comprehensive Constitution that:

- clearly sets out respective roles and responsibilities of elected members and officers, particularly relating to governance, although it needs to be updated to take account of changed role titles and elected member portfolios;
- includes a formal scheme of delegation and reserve powers for decision-making; and
- includes the process for holding County Council and Cabinet to account for their decisions and performance.

Our partnership governance toolkit provides guidance on defining each partner's role in the partnership, line management responsibilities for staff supporting the partnership and legal status but does not provide clear guidance on the roles of partnership board members. We have already identified the need to review this guidance, and we will need to promote its use across all partnerships in Denbighshire.

...we make sure that we carry out these roles and responsibilities

Our Constitution includes a protocol to ensure that elected members and employees understand each other's roles and that they work effectively together. We have also clearly identified the roles and responsibilities of key officers in the Council:

- Our CEO is responsible and accountable to the organisation for all aspects of operational management.
- Our S151 Officer is responsible for ensuring that appropriate advice is given to the organisation on all financial matters, keeping proper financial records and accounts, and maintaining an effective system of internal financial control.
- Our Monitoring Officer is responsible for ensuring that the organisation follows agreed procedures and complies with all applicable statutes and regulations.

Promoting values for the whole organisation and demonstrating good governance through our behaviour

...we ensure that our organisational values are put into practice and are effective

We have a set of core values - **Pride, Unity, Respect and Integrity** – that are well-embedded in the organisation and are clearly reflected in our Constitution, Partnership Governance Framework, Financial Regulations, Contract Procedure Rules and employee appraisal process.

Our leadership sets the tone for the organisation by creating a culture of openness, support and respect. We are currently carrying out our latest staff survey, but the previous survey in 2013 reported that 83% of employees felt that the leadership team had a clear vision for the future, compared to only 58% in the 2011 survey. There was also a high level of confidence (84%) in the leadership team. This same level of improved confidence was reflected at service level, with 81% believing that their service had a clear vision for the future and having confidence in their manager.

We continue to develop and enhance our work on equalities and human rights, although the decision to delete the post of Corporate Equality Officer will require services to become more accountable for their work with people with protected characteristics. We continue to work with the North Wales Public Sector Equalities Network, with whom we have a joint Strategic Equality Plan. In addition, we have developed and produced a new e-learning module, which is in the process of being implemented across key customer-facing services.

Internal Audit's staff survey found that there is still work to do to improve awareness of corporate equalities arrangements. (Paragraph to be updated once latest survey completed).

...we provide leadership by behaving in ways that exemplify high standards of conduct and effective governance

We have various ways in which we demonstrate our core values and high standards of conduct and effective governance, for example:

- we have clear and transparent Freedom of Information arrangements to allow access to information;
- our codes of conduct for elected members and employees form part of induction training, although we need to ensure that we have arrangements in place to ensure that we regularly raise awareness of these codes;

- we have a register of financial interests and hospitality for elected members and employees to ensure transparency;
- we have a process for elected members to declare interests generally and in relation to specific issues and/or reports at meetings;
- we have a protocol to ensure that elected members and employees treat each other with respect and behave professionally;
- our customer feedback and complaints framework allows the opportunity for customers to comment on the behaviour of elected members and employees;
- we have an anti-fraud and corruption policy dated 2006, but we are in the process of reviewing and updating it;
- we have revised our whistleblowing procedures that enable issues to be raised freely with a wide range of people or bodies. The new model constitution has included in it a new whistleblowing policy. The draft, which had previously been consulted upon with unions, will be checked against this and redrafted where necessary for further consultation;
- our financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010);
- our Corporate Governance Committee carried out a self-assessment in 2013/14 that confirmed that its terms of reference conform with the Local Government (Wales) Measure 2011;
- following the above self-assessment, the Head of Internal Audit provided training to elected members on their governance responsibilities;
- the Head of Internal Audit's annual report confirmed that we operate an effective system of internal control, governance and risk management; and
- we operate an effective and impartial Standards Committee to uphold good behaviour by elected members.

Taking informed and transparent decisions and managing risk

...we are rigorous and transparent about how we make decisions

We have a clear decision-making framework to show who can make what decisions and we keep a comprehensive and published record of decisions made. All key decisions include an assessment of financial implications, contribution to corporate priorities, risks and equality impacts, although we are aware that we need to carry out some quality control reviews on equality impact assessments to ensure that they are robust.

We advertise our 'public' meetings in advance so that they are open for public and media attendance, and all of our reports are discussed openly unless they meet strict criteria for confidential discussion.

Our scrutiny function is effective, supported by evidence and data analysis, to challenge decision-makers constructively.

...we use good quality information, advice and support

Elected members are provided with clear, concise but comprehensive reports and advice for decision-making that clearly explain the implications of the decision. Reports should not exceed four pages and we use a corporate report template to ensure that all information is included, together with a checklist that has to be completed in all cases to confirm that all information is included in the report before submission.

We have arrangements in place to provide and record proper professional advice on matters that have legal or financial implications well in advance of decision making and at meetings. External advice is obtained where required, particularly in specialist areas.

The Research and Intelligence Team and the Corporate Programme Office have been combined following a service restructure. This new team, in addition to business as usual activities, will focus on key change activities and will begin to develop a strategic platform for management information and reporting, enhancing decision making processes.

...we have effective risk management, information management and control systems

We review our Corporate Risk Register formally twice a year, with each Corporate Director considering the risks that they currently manage, reviewing mitigating actions and the external environment to assess the risk score and adding new risks as appropriate. This includes identifying changes in legislation affecting Council

services, such as the new Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations Bill. The Corporate Governance Committee monitors risk management arrangements and reviews the Corporate Risk Register.

We have an independent and objective internal audit service providing assurance across the whole range of the Council's services, including partnerships. The Head of Internal Audit's annual report confirmed that we operate a robust system of financial and operational internal controls. During the year, the Head of Internal Audit carried out the required self-assessment review to ensure that the service complies with the new Public Sector Internal Audit Standards. The resulting improvement plan will be reported to Corporate Governance Committee as part of the Annual Internal Audit Report 2014/15 and monitored by the Committee.

We discuss any reports of external regulators at the relevant management and elected member levels and monitor action plans arising from their reviews.

Information management has historically been seen as a significant governance weakness in our Annual Governance Statements following adverse internal and external audit reports. A Corporate Information Team was formed during 2013 to address these weaknesses. Since this time, significant improvements have been made, which has recently resulted in the risk being reduced from amber (major) to yellow (moderate).

Some of the main actions addressed include:

- appointing a Corporate Information Manager to provide strategic leadership in this area;
- providing a corporate approach to information management via the launch of an Information Management Strategy;
- developing a corporate approach to managing information risk through the development and launch of an Information Risk Policy;
- improving competency levels in the Council through the development and launch of a suite of e-learning modules, including Data Protection, Freedom of Information and Document Management;
- achieving Public Sector Network (PSN) accreditation;
- developing a consistent way of handling information security breaches via the development of a policy;
- introducing secure email facilities via Egress;
- appointing an Access to Information Officer to handle the increasing volume of information requests; and
- improving the management of our electronic documents through the implementation of EDRMS (electronic document records management system).

, for example:

- improve arrangements for securely destroying our confidential waste;
- refresh the information security policy framework;
- embed EDRMS into paper-heavy teams by March 2016 (end of project);
- widen access to the county's archive materials via the development of an improved online presence;
- develop an Information Asset Register;
- publish more information to our website to meet our statutory obligations and reduce numbers of information requests; and
- raise further awareness and embed information retention rules into services.

The Council's Information Risk Policy includes a requirement to include specific information in the 'annual governance statement' and to share and discuss this with the Corporate Governance Committee. In May 2014, the Council's Senior Information Risk Officer (SIRO) reported the following to the Corporate Governance Committee for 2013/14:

- There has been no major breach of the Data Protection Act by the Council during the year.
- The SIRO reported two information risk incidents to the Information Commissioner during the year.
- These incidents affected two individuals and the Council took immediate action to address the issues and improve processes. **(This paragraph will be updated with information from the latest SIRO report)**

Developing our capacity and capability to be effective

...we make sure that our elected members and employees have the required resources, skills, knowledge and experience they need to perform well

We have elected member and employee induction programmes to ensure that key information is imparted at an early stage, have rolled out induction and refresher training to services and carried out an 'audit' of recently recruited members of staff to ensure that it is being carried out. It is a much improved process and significantly more inductions are being carried out.

There is a current process in place for appraising the performance of Cabinet members, which has been strengthened by aligning their priorities to the Corporate Plan, which is in response to the CEO's paper on 'Sharpening our Act'.

Scrutiny Committees produce annual reports on their work to County Council but the Corporate Governance Committee's self-assessment highlighted that it had not formed part of this performance monitoring arrangement in recent years. During the year, the Committee's chair produced a report that will be presented to Council in line with the Scrutiny annual reports.

Employees receive annual performance appraisals, resulting in training and development plans to help them achieve their objectives and fulfil their roles effectively. **We improved performance in 2013/14, with 89% of eligible employees receiving an annual appraisal. To date for 2014/15, 87% have been completed. (this will be updated before the final version)**

We are trying to modernise the way we work so we can use valuable time and resources better. The Modernisation Board has initiated several projects that create service delivery efficiencies and we have developed a Flexible Working Policy Statement and guidance that sets out how we expect employees to work in the future and also what support we can provide. To improve our efficiency and mobility, we have:

- rolled out new IT equipment;
- upgraded the Local Area Network and Wi-fi to support flexible working;
- continued to review our office accommodation requirements;
- agreed a hot-desk policy;
- continued to roll out EDRMS to more services;
- implemented Central Invoice Registration, which will reduce the number of invoices not paid on time and avoid late payment fines; and
- developed a Customer Service Strategy to show how we will deliver excellent customer service.

...we ensure that we can continue to perform effectively during periods of change

Strategic HR Business Partners undertake a workforce planning exercise with each service annually to identify their priorities for the coming 12 months. This year this has included the Freedom and Flexibilities review. This enables HR to understand and prioritise the level and timing of support that services may require. The discussions with services cover service aims and priorities, workforce profile, upcoming challenges and risks, resource and skills gaps and critical posts. This allows HR to develop a Workforce Priority Plan, agreed with the Senior Leadership Team. In addition, the data collected from performance appraisals enables us to identify corporate people development priorities for the coming 12 months.

To help develop potential senior managers of the future, we use Middle Managers conferences to engage them. 'Yr Hwb' cohort for 2014 has now come to an end, and members of the team were involved in a range of key projects, including the Electronic Mailroom Business Case development, the Financial Inclusion Project E-Learning module, Modernisation Programme stakeholder and communication events and also work on Economic and Community Ambition Programme stakeholder events. Directors and Heads of Service provided mentorship for each of the Hwb members.

More of our projects are being delivered from within services, benefitting as a result of the extensive project management training that has been undertaken over the past two years. This has resulted in a reduction of our Corporate Project Management resource, contributing to our resilience to change and our efficiencies.

Our Volunteering Strategy offers a useful starting point for developing a corporate vision for volunteering. We will continue to develop this Strategy through the delivery of the Wellbeing Plan to take into account developments across the county in areas such as time-banking pilots, partnership working, and developing initiatives to support employees to volunteer their time and expertise to benefit their communities.

Engaging with local people and other stakeholders to ensure robust public accountability

...we take an active and planned approach to dialogue with and accountability to our external regulators

We take a proactive approach to external regulation, for example:

- regular meetings to discuss developments, their work and outcomes;
- involving and consulting them on key decisions that may affect our governance arrangements;
- acting on any improvements that they identify in their reports; and
- presenting their reports to the relevant committees to keep elected members informed.

...we engage effectively with the public and other stakeholders

We publish our Annual Statement of Accounts, including this self-assessment of our governance and improvement, on our website and it is open for public inspection and challenge for the designated period. We also publish our Annual Performance Report so that the public can see how well we are performing in the delivery of our Corporate Plan.

Our customer feedback and complaints framework provides the opportunity for customers to comment on our services. We listen to these views when deciding on service planning and improvement.

We have improved our community engagement during the year and are committed to undertaking further initiatives in 2015, for example:

- our Corporate Community Engagement Strategy and Toolkit is on our website and intranet and is a useful resource for all services. The Strategy will become embedded in the engagement philosophy of all services so that minimum standards are adopted. We anticipate that the Strategy and Toolkit will be revised in spring 2015 to ensure that it continues to be 'fit for purpose' and encompasses recent trends in engagement opportunities;
- also being produced in 2015 is Denbighshire's Children and Young People's Participation Strategy, which is a specific guide for all services and partner organisations. The Strategy is a platform to ensure that we involve children and young people in decisions, planning and reviewing the services that might affect them directly (e.g. school policies, youth service provision, public transport, children & family's social services etc.) or indirectly (e.g. highways, housing, waste management etc.);
- undertaking further work to manage our on-line consultation policies and use of on-line survey tools such as 'Survey Monkey';

- ensuring that the ‘National Principles of Public Engagement’ and the ‘Children and Young People’s Participation Standards’ are embedded in the delivery of services
- continuing our close liaison with the 37 city, town & community councils within the county through ‘cluster’ meetings and an annual liaison meeting attended by our Chief Executive, Council Leader and Council Chairman. We will be reviewing our Charter with all councils in 2015;
- we are further developing our engagement with residents and businesses through the use of social media;
- our Armed Forces Covenant Partnership brings together all key agencies involved in ensuring that we meet our commitment to the Armed Forces Covenant, and we have organised a welfare / drop-in session for armed forces personnel and veterans;
- following the devastating floods in the east ward of Rhyl in December 2013, we held several flood ‘drop-in’ sessions with affected residents during 2014 and produced regular welfare and coast protection newsletters;
- we carried out a resident survey in 2013, with over 2000 residents taking part and we reported on this in our last Annual Performance Report. A similar survey will take place in 2015; and
- for many years, volunteers have provided added value and complemented the work of paid staff to enable the Council to deliver better and more effective services. In turn, volunteers also gain positive satisfaction from helping others and gaining new skills and making a contribution to the life of their community.

An extensive engagement and consultation debate took place in 2014 to discuss the Council’s budget proposals in light of the significant savings the Council was expecting to make. The ‘Cutting our Cloth’ budget debate was promoted through press releases and briefings, social media, and promotion in key buildings. This provided the opportunity for residents to submit their contributions in different ways and we received over 822 survey responses

In addition to the budget debate, services carry out individual engagement and consultation, usually on a specific issue, for example on our review of schools provision, and Adult Social Services conducted a Feedback Fortnight on its services. Responses received influence current and future delivery of services.

In delivering Denbighshire’s Single Integrated Plan (Supporting Independence & Resilience: Denbighshire’s Wellbeing Plan 2014-2018) we extensively engaged with the community to establish our vision and priority areas. The Plan places the community at the heart of its philosophy and focuses on having a positive impact for the people of Denbighshire.

The Council is the lead partner in delivering an Engagement Strategy and Action Plan on behalf of the Local Services Board (LSB). A working group, chaired by the

Council has delivered work packages as part of the Strategy's action plan, including the development of a dedicated LSB website and logo

We have completed and initiated several actions that have either changed or will change our engagement with businesses:

- Businesses endorsed the final Economic and Community Ambition Strategy, which set us the challenge of delivering it, including a Consultation Programme. We received positive feedback from the business community to a county wide 'Open for Business' event at the Royal International Pavilion in Llangollen. Businesses and their representatives continue to provide positive feedback and are now engaged in the design and governance of our 'Better Business for All' project.
- Our Contract Procedure Rules now include community benefit clauses that promote the use of local business/labour/goods and supplies in all contracts. These are mandatory for all projects over £2m. We continue to engage with suppliers through a programme of events organised by Business Wales but our new approach to supplier development is currently on hold while the Strategic Procurement Unit reviews its business plan. However, we are actively engaged with the Third Sector to ensure that they have the opportunity to tender.
- Denbighshire's first Annual Business Survey was run during 2014, with 502 businesses taking part through a mixture of face to face, online and telephone engagement. The survey reached many well established small businesses in particular. The survey provided valuable insight into business confidence and satisfaction with a range of business support services offered by the Council and partners. It also provided details of business structure, use of digital media and demand for superfast broadband, as well as demand for a range of support the Council could offer in future. The survey will be an annual event, with the new survey being launched in March 2015. Similarly our Public Protection Team is actively engaging with local businesses as part of its 'Business Friendly Programme'.

We need to ensure that effective opportunities exist for businesses to provide feedback to the Council. As key stakeholders in the delivery of the overall vision for our economy, we need to increase business participation in making decisions about how we plan and invest Council budgets and resources for greatest economic effect. What is pleasing to see is that the 16 high Priority Projects in the Economic and Community Ambition Programme all offer potential for businesses to become engaged at the appropriate time, and that some of them are already actively doing this.

The Leader and Corporate Director for Economic and Community Ambition had planned to undertake annual visits to Business Groups and to the Top 10 businesses in the county to ensure that we are doing all we can to support local businesses and facilitate easy and accessible contact with senior decision makers within the Council. These visits have not progressed yet as we have given priority

to supporting the Freedoms and Flexibilities budget efficiency process and reviewing the Economic & Business Development (EBD) team. The review of the EBD team includes creating three roles to allow specific focus on business engagement - one generic role to support business networking and advice signposting, and two lead officer roles focusing respectively on high growth and lower growth potential key businesses.

The Economic & Community Ambition Board has requested this to be a priority for 2015, with a plan to be presented to the Board in March 2015. The Board has suggested one business visit per month. One visit was carried out in January 2015, which proved to be very useful, allowing facilitation of contact with relevant Council services to allow the business to discuss its plans for growth. The Council also received feedback from a study undertaken by a research fellow on its behalf in which he spoke with eight key businesses, which the Council will now be able to follow up.

...we take an active and planned approach to responsibility to our staff

We have several tools (policies, procedures, workforce planning; 1:1s.) to help manage our staffing resources effectively, consistently and fairly. Our Strategic HR service has completed a major programme to improve its performance since being identified as a significant governance issue in the Annual Governance Statement for 2012/13. The service has also reported its progress on implementing improvements arising from an adverse Internal Audit report to the Corporate Governance Committee. A further review by internal audit in August 2014, reported that the HR Service has completed a significant amount of work to address the issues raised previously and to achieve the majority of actions detailed in its ambitious improvement plan.

We are confident that the new HR model will become better embedded across the Council and, by building and maintaining better relationships between HR and the services it supports, the anticipated benefits should finally be achieved.

We have a variety of ways to ensure that we involve our employees and their representatives in decision-making. We carry out regular staff surveys and the 2013 survey resulted in an increased response rate from 37% to 44.6% over the 2011 survey. The latest survey highlighted that:

- more employees (83%) are proud to work for the Council;
- more employees (88%) are satisfied with the Council as an employer;
- over 90% of employees stated that they enjoy their work, know what is expected of them and get on well with their colleagues;
- change management has improved, but can perhaps be better, as only 60% feel that we plan and deliver changes well; and
- communication has improved, but can perhaps be better, as only 64% feel well informed about what is going on in their service.

Our whistleblowing procedures ensure that employees can raise issues of concern freely with a wide range of people/bodies.

Significant governance issues

The issues in the table below, together with any less significant issues that we have identified in our self-assessment above, will be added to our Governance Improvement Action Plan managed by the Council’s Governance Group and monitored by the Corporate Governance Committee (Appendix 1). The following two significant governance issues were included last year but have not progressed far enough to be removed as yet.

Significant Governance Issue 1

In future, we accept that some services and functions will stop or be transferred to others who may be able to deliver them at lower or no extra cost. We need to finalise the review of our governance arrangements to take account of this, ensuring that public money is spent wisely and the public continues to receive good services and value for money.

Proposed action to address the issue	We will be developing and implementing a new framework during 2015 to ensure that any third party or arms-length service providers have robust governance arrangements, and will implement scrutiny arrangements to monitor their financial and operational performance.
Responsibility for the action	Head of Internal Audit to develop and launch the new framework.
Timescale for improvement	Framework to be completed by 30 June 2015 and launched following senior management and elected member approval.

Significant Governance Issue 2

In 2013/14, our Internal Audit service provided a critical report on the procurement of construction services that highlighted several weaknesses, including that our procurement strategy is out of date. Internal Audit’s recent follow up of the improvement action plan shows that, although we have developed a new draft strategy and Contract Procedure Rules, progress with improvement is slow and behind schedule. The Corporate Governance Committee has requested a progress report in May 2015, expecting the action plan to have been completed.

Proposed action to address the issue	Complete action plan and provide update report to Corporate Governance Committee.
Responsibility for the action	Acting Head of Strategic Procurement Unit
Timescale for improvement	May 2015

We propose over the coming year to take steps to address the above matters to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: (Leader)2015

Signed: (Chief Executive)2015

Governance Improvement Action Plan

Improvement Area	Action	Responsibility	Timescale
Significant Governance Issues			
<p>In future, we accept that some services and functions will stop or be transferred to others who may be able to deliver them at lower or no extra cost. We need to finalise the review of our governance arrangements to take account of this, ensuring that public money is spent wisely and the public continues to receive good services and value for money.</p>	<p>We will be developing and implementing a new framework during 2015 to ensure that any third party or arms-length service providers have robust governance arrangements, and will implement scrutiny arrangements to monitor their financial and operational performance.</p>	<p>Head of Internal Audit to develop and launch the new framework.</p>	<p>Framework to be completed by 30 June 2015 and launched following senior management and elected member approval.</p>
<p>In 2013/14, our Internal Audit service provided a critical report on the procurement of construction services that highlighted several weaknesses, including that our procurement strategy is out of date. Internal Audit's recent follow up of the improvement action plan shows that, although we have developed a new draft strategy and Contract Procedure Rules, progress with improvement is slow and behind schedule. The Corporate Governance Committee has requested a progress report in May 2015, expecting the action plan to have been completed.</p>	<p>Complete action plan and provide update report to Corporate Governance Committee.</p>	<p>Acting Head of Strategic Procurement Unit</p>	<p>May 2015</p>

Improvement Area	Action	Responsibility	Timescale
Partnership Governance			
Our partnership governance toolkit does not provide clear guidance on the roles of partnership board members. We are aware that not all partnerships use the partnership toolkit, so, as part of a comprehensive review of the partnership landscape, we need to review the guidance to ensure that it is user-friendly and effective.	This will form part of the review of third party and arms-length service providers above	Head of Internal Audit to develop and launch the new framework.	Framework to be completed by 30 June 2015 and launched following senior management and elected member approval.
Constitution			
The Council's main governance guidance is provided in our comprehensive Constitution that clearly sets out respective roles and responsibilities of elected members and officers, particularly relating to governance, although it needs to be updated to take account of changed role titles and elected member portfolios.	A new Model Constitution has been developed for Wales. Our current Constitution will be reviewed in light of the new model and updated to reflect changed job titles and portfolios.	Head of Legal & Democratic Services	To be agreed
Our codes of conduct for elected members and employees form part of induction training, although we need to ensure that we have arrangements in place to ensure that we regularly raise awareness of these codes.	Elected members have been provided with several training sessions on the Code of Conduct and refresher sessions are made available each year. A strategy for maintaining awareness among employees will be developed.	Head of Legal & Democratic Services	To be agreed

Improvement Area	Action	Responsibility	Timescale
Equalities			
We are continuing our work to improve awareness of equalities issues. But Internal Audit's staff survey found that there is still work to do to improve awareness of corporate equalities arrangements.	The Corporate Equalities Group will discuss the Internal Audit report at its July 2014 meeting. At the same meeting, the Group will consider for approval a new e-learning training module on equalities issues. Following approval, this new module will be rolled out.	Head of Business Improvement & Modernisation	To be agreed following latest IA survey (this area will be deleted if improvement evident)
Policy Framework			
We have an anti-fraud and corruption policy, although we have not reviewed and updated this since 2006.	This policy has been reviewed and a new draft policy will be presented to Corporate Governance Committee.	Head of Legal & Democratic Services	To be agreed
The value of effective business engagement is only just being recognised, which means that we have a lot more work to do before we see the benefits that result from recent developments. We need to ensure that effective opportunities exist for businesses to provide feedback on the delivery of the Economic and Community Ambition Strategy / Programme and identify what we need to do to make engagement with the Council a valuable activity for businesses. In the longer term, as key stakeholders in the delivery of the overall vision for our economy, we need to increase business participation in making decisions about how we plan and invest Council budgets and resources for greatest economic effect.	Leader and Corporate Director for Economic and Community Ambition to undertake annual visits to Business Groups and to the Top 10 businesses in the county to ensure that we are doing all we can to support local businesses and facilitate easy and accessible contact with senior decision makers within the Council.	Leader & Corporate Director for Community Ambition	Annual

Delivering good governance and continuous improvement

Areas of change & development from 2013/14 to 2014/15

Colour coding	Arrangements not in place	Arrangements being implemented	Arrangements in place
Direction of travel	↓ Position deteriorating	↑ Position improving	→ Position unchanged

Principle 1 Focusing on our purpose and on the outcomes for citizens and service users		
Governance Area	Changes from last year	Direction of Travel
Communicating our Corporate Plan	We sought residents' views on the cuts that we are considering, to engage them more on how these cuts will impact on them and their communities and what can be done to lessen the impact	↑
Third parties and arms-length organisations	We have started to develop a framework to cover services provided by Council-funded service providers but this has been delayed. The framework will help to ensure that they have robust governance arrangements, and we will implement scrutiny arrangements to monitor their financial and operational performance.	↑
	We have reviewed the way we deliver services through our Town and Area Plans to improve clarity around the overarching policy intentions of the Plans and to improve the consistency in how they are developed and delivered. Improvements will also ensure that Plans are more strategic, provide clearer information on anticipated benefits and how impacts will be measured.	↑
Partnership governance toolkit	Although we have a comprehensive partnership governance toolkit, we are aware that not all partnerships use it. The above piece of work on Council-funded service providers will be extended to include partnership work.	↑
Service challenge process	This process has been highlighted as good practice through the Care and Social Services Inspectorate Wales (CSSIW) recent annual report. <i>"Within the council there is keen interest and support from elected members. They play a key role in the exemplary 'service challenge' meetings where they question lead officers about the performance and impact of the council's services."</i>	↑
Strategic procurement	During 2014/15, Internal Audit has continued to monitor progress on its 2013/14 report on Construction Procurement and report it to Corporate Governance Committee. These reviews show that progress with improvement has been slow and several deadlines missed.	→
Project management framework	The programme and project management methodologies, and the Verto system are working well across the Council, with some real deliverables now being realised.	↑
Performance management framework	The Verto system has been developed and extended to incorporate the Council's performance management processes. We are able to integrate our service business plans with programme and project activities, thus being able to report using key dependencies, such as progress against outcomes or priorities.	↑

Principle 2 Performing effectively in clearly defined functions & roles

Governance Area	Changes from last year	Direction of Travel
Constitution – roles & responsibilities	To be updated following the Head of Legal, HR & Democratic Services' progress report to Corporate Governance Committee on 25 March 2015.	
Partnership 'board' roles	Although we have a comprehensive partnership governance toolkit, it does not provide clear guidance on the roles of partnership board members. The above piece of work on Council-funded service providers will be extended to include partnership work.	↑

Principle 3 Promoting values for the whole organisation and demonstrating good governance through our behaviour

Governance Area	Changes from last year	Direction of Travel
Equalities	We have developed and produced a new e-learning module, which is in the process of being implemented across key customer-facing services.	↑
	Include outcome of IA survey on equalities awareness, whether improved or not	
Codes of Conduct	Code of Conduct refresher training was provided to elected members on 3 February 2015. The awareness raising strategy for employees has not yet been progressed.	↑
Anti-fraud & corruption	The anti-fraud & corruption draft strategy was considered by Corporate Governance Committee on 5 November 2014 but is still to be finalised.	↑
Whistleblowing procedures	Whistleblowing procedures have been revised but the new model constitution includes a new whistleblowing policy. The draft, which had previously been consulted upon with unions, need to be checked against this and redrafted where necessary for further consultation.	↑

Principle 4 Taking informed and transparent decisions and managing risk

Governance Area	Changes from last year	Direction of Travel
Research & intelligence	The Research and Intelligence Team and the Corporate Programme Office have been combined following a service restructure. This new team, in addition to business as usual activities, will focus on key change activities and will begin to develop a strategic platform for management information and reporting, enhancing decision making processes.	↑
Internal audit service	During the year, the Head of Internal Audit carried out the required self-assessment review to ensure that the service complies with the new Public Sector Internal Audit Standards. The resulting improvement plan will be reported to Corporate Governance Committee as part of the Annual Internal Audit Report 2014/15 and monitored by the Committee.	↑
Information management	A Corporate Information Team was formed during 2013 to address previously identified weaknesses. Since this time, significant improvements have been made, which has recently resulted in the Internal Audit opinion being reduced from amber (major) to yellow (moderate). However, we recognise that we still have a lot of work to do but have identified this in our Information Management Strategy.	↑

Principle 5 Developing our capacity and capability to be effective

Governance Area	Changes from last year	Direction of Travel
Member performance	Scrutiny Committees produce annual reports on their work to County Council but the Corporate Governance Committee's self-assessment previously highlighted that it had not formed part of this performance monitoring arrangement in recent years. During the year, the Committee's chair produced a report that will be presented to Council in line with the Scrutiny annual reports.	↑
Staff performance appraisals	We improved performance in 2013/14, with 89% of eligible employees receiving an annual appraisal. To date for 2014/15, 87% have been completed. (this will be updated before the final version)	↓
Modernisation agenda	The Modernisation Board has initiated several projects that create service delivery efficiencies and we have developed a Flexible Working Policy Statement and guidance that sets out how we expect employees to work in the future and also what support we can provide. Improvements include: <ul style="list-style-type: none"> • rolled out new IT equipment; • upgraded the Local Area Network and Wi-fi to support flexible working; • continued to review our office accommodation requirements; • agreed a hot-desk policy; • continued to roll out EDRMS to more services; • implemented Central Invoice Registration, which will reduce the number of invoices not paid on time and avoid late payment fines; and • developed a Customer Service Strategy to show how we will deliver excellent customer service. 	↑

Principle 5 Developing our capacity and capability to be effective

Governance Area	Changes from last year	Direction of Travel
Staff development	<p>'Yr Hwb' cohort for 2014 was involved in a range of key projects, including:</p> <ul style="list-style-type: none"> • Electronic Mailroom Business Case development; • Financial Inclusion Project E-Learning module; • Modernisation Programme stakeholder and communication events; and • work on Economic and Community Ambition Programme stakeholder events. 	↑
Training benefits	More of our projects are being delivered from within services, benefitting as a result of the extensive project management training that has been undertaken over the past two years. This has resulted in a reduction of our Corporate Project Management resource, contributing to our resilience to change and our efficiencies.	↑

Principle 6 Engaging with local people and other stakeholders to ensure robust public accountability

Governance Area	Changes from last year	Direction of Travel
Community engagement	<p>We have improved our community engagement during the year and are committed to undertaking further initiatives in 2015.</p> <ul style="list-style-type: none"> • An extensive engagement and consultation debate took place in 2014 to discuss the Council's budget proposals in light of the significant savings the Council was expecting to make. • In delivering Denbighshire's Single Integrated Plan (Supporting Independence & Resilience: Denbighshire's Wellbeing Plan 2014-2018) we extensively engaged with the community to establish our vision and priority areas. 	↑
Business engagement	<p>We have completed and initiated several actions that have either changed or will change our engagement with businesses.</p> <ul style="list-style-type: none"> • Businesses endorsed the final Economic and Community Ambition Strategy. • We received positive feedback from the business community to a county wide 'Open for Business' event at the Royal International Pavilion in Llangollen. • Our Contract Procedure Rules now include community benefit clauses that promote the use of local business/labour/goods and supplies in all contracts. • Denbighshire's first Annual Business Survey was run during 2014, with 502 businesses taking part through a mixture of face to face, online and telephone engagement. 	↑
	The Leader and Corporate Director for Economic and Community Ambition's plan to undertake annual visits to Business Groups and to the Top 10 businesses in the county have not progressed yet as we have given priority to supporting the Freedoms and Flexibilities budget efficiency process and reviewing the Economic & Business Development team.	→

Report To: Corporate Governance Committee

Date of Meeting: 20 May 2015

Lead Member / Officer: Hugh Evans - Leader
Gary Williams – Head of Legal, HR & Democratic Services
Ivan Butler – Head of Internal Audit

Report Author: Ivan Butler – Head of Internal Audit

Title: Monitoring of Council-funded Service Providers

1. What is the report about?

This report provides the Committee with details of the scope and project plan for the review of monitoring of Council-funded Service Providers (CFSPs), which will result in a new framework for putting such arrangements in place.

2. What is the reason for making this report?

There have been concerns raised over monitoring of CFSPs, particularly to learn lessons from the Clwyd Leisure Limited arrangements and ensure that the Council has robust arrangements in place to monitor governance, financial performance, operational performance and the use of Council funds.

At its last meeting, this Committee also discussed the roles and responsibilities of elected members when representing the Council on outside bodies and requested further information on how this was to be provided as part of the overall review of CFSPs.

3. What are the Recommendations?

- The Committee considers and discusses the proposed scope and project plan
- The Committee agrees how it wishes to monitor progress on the project

4. Report details

The attached Project Scope and Plan (Appendix 1) provides the Committee with full details of the rationale behind this review, the scope of the work to be carried out and the timescales for the project.

The project will result in a new framework for entering into arrangements with organisations to which the Council provides funding to provide services on its behalf. This will include arms-length organisations, partnerships, grant-funded organisations, and major third-party suppliers of key services.

The aim is to provide a risk-based approach, depending on the level of funding that the Council provides, so that the arrangements are not over-bureaucratic for small organisations, but provide robust arrangements for more significant funding arrangements. This means that the Council will have robust arrangements in place to provide assurance to senior management, elected members and its stakeholders that the funding it is providing to third parties is being used for the intended purpose and is delivering the required objectives.

The new framework will also include arrangements for ensuring that elected member roles on 'boards' are clear, fully understood and applied to ensure that they discharge their roles and responsibilities effectively. The Head of Legal, HR & Democratic Services previously reported to the Committee on elected member representation in July 2014 (attached as Appendix 2) and this project provides the opportunity to address this as part of an overall framework. This will include elected member roles, responsibilities, reporting lines and reporting frequencies.

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

There is no decision required on this report; however, the work carried out by CFSPs may contribute directly or indirectly to Corporate Priorities, depending on the service being provided.

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

There are no costs attached to this report.

7. 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.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

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

Corporate Executive Team discussed a draft scope for the project on 28 July 2014, agreeing a completion date of 31 March 2015. Unfortunately, due to significant changes in the Internal Audit team, this deadline has been postponed to 30 June 2015.

9. Chief Finance Officer Statement

There are no financial implications attached to this report.

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

The new framework will ensure that DCC addresses the following key risks:

- Having guidance and consistent arrangements for setting up and recording CFSPs means that it will be fully aware of all CFSPs that it deals with.

- Having regular and robust monitoring arrangements means that it will not fund CFSPs that do not deliver intended outcomes and will be aware of CFSPs that perform poorly, operationally and/or financially.
- Having robust governance arrangements over CFSPs reduces the likelihood of failure in its stewardship of public funds.
- Having early warning mechanisms through regular monitoring information reduces the likelihood that it will suffer financial loss due to a CFSP ceasing to exist and should not have to step in with contingency arrangements to deliver services.
- Having robust business cases for approval of CFSP arrangements means that it can ensure that CFSPs share DCC's values and should not bring the Council into disrepute through its behaviour.
- Having robust legal agreements and service level agreements ensures that both organisations understand their roles and responsibilities and strengthens DCC's position in the event of dispute.
- Providing robust guidance and support to its elected members who sit on outside bodies protects their interests, improves the likelihood of robust scrutiny and clarifies the legal position and conflicts of interest relating to directorships and trustees.
- Overall, the framework means that DCC should not suffer significant damage to its reputation due to failure of a CFSP.

11. Power to make the Decision

No decision required for this report.

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Denbighshire Internal Audit Services
Caledfryn, Smithfield Road, Denbigh LL16 3RJ

Internal Audit Project Scoping Document

Project area: Governance Arrangements for Council-funded Service Providers	Project no. D141505
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Prepared By	Ivan Butler	Date	06/10/14
Approved By	n/a	Date	n/a
Agreed With	Discussed with CET	Date	July 2014

Reason for Project

The public sector faces increasing financial pressures that are leading to changing service delivery methods. This means that the Council's elected members need to be aware of and understand their accountabilities and responsibilities when scrutinising and representing the Council on 'arms-length' body boards, committees etc., including conflicts of interest.

The Performance Scrutiny Committee initially asked for assurance on the performance of other 'arms-length' organisations but, during the development of the Council's 'annual governance statement', subsequent discussions and committee reports, it became clear that the Council cannot be fully assured that bodies that it funds to deliver services on its behalf have robust governance arrangements in place. This has now been raised as a significant governance issue in the Council's 'annual governance statement' 2013/15 and 2014/15, as recognition that it cannot transfer this accountability.

This review will also take the outcome of the 'lessons learned' report on Clwyd Leisure Limited.

CET agreed that a new risk-based framework needs to be established for Council-funded service providers (CFSPs). The original target date was 1 April 2015 but, due to a restructuring in the Internal Audit service, a new target date of 1 July 2015 has been set.

Scope of Project

CET agreed that the scope of assurance should cover grant-funded organisations, partnership arrangements and major third-party providers of services. Failure of governance arrangements in these three categories could have a significant detrimental impact on the Council's reputation.

The project will:

- identify current service providers in each of the three categories;
- carry out a risk-assessment within each category, based on the level of funding and type of service carried out;
- identify and assess current monitoring arrangements;
- assess current legal arrangements and new requirements;
- review elected member roles and responsibilities on 'boards', identifying appropriate guidance and training to allow them to effectively discharge their role;
- recommend and agree changes to current arrangements as necessary;
- develop a new monitoring framework and documentation;
- design an implementation plan for the new framework;
- formally launch the new framework; and
- ensure that SLT, CET and Corporate Governance Committee are kept informed at all stages.

Anticipated 'Added Value' of Project

The new framework will provide a concise and easy to use method to manage current arrangements for CFSPs, as well as ensuring that any new arrangements are entered into in a consistent way.

The Council will have robust arrangements in place to provide assurance to senior management, elected members and its stakeholders that the funding it is providing to third parties is being used for the intended purpose and is delivering the required objectives.

A new framework for monitoring CFSPs will contribute significantly to DCC's own governance arrangements and address a significant governance weakness highlighted in its 'annual governance statement' so that its stakeholders are assured that public money is fully accounted for and used for its intended purpose in delivering DCC's corporate priorities and statutory duties.

Denbighshire Internal Audit Services

Risks to be Reviewed

The new framework will ensure that DCC addresses the following key risks:

- Having guidance and consistent arrangements for setting up and recording CFSPs means that it will be fully aware of all CFSPs that it deals with.
- Having regular and robust monitoring arrangements means that it will not fund CFSPs that do not deliver intended outcomes and will be aware of CFSPs that perform poorly, operationally and/or financially.
- Having robust governance arrangements over CFSPs reduces the likelihood of failure in its stewardship of public funds.
- Having early warning mechanisms through regular monitoring information reduces the likelihood that it will suffer financial loss due to a CFSP ceasing to exist and should not have to step in with contingency arrangements to deliver services.
- Having robust business cases for approval of CFSP arrangements means that it can ensure that CFSPs share DCC's values and should not bring the Council into disrepute through its behaviour.
- Having robust legal agreements and service level agreements ensures that both organisations understand their roles and responsibilities and strengthens DCC's position in the event of dispute.
- Providing robust guidance and support to its elected members who sit on outside bodies protects their interests, improves the likelihood of robust scrutiny and clarifies the legal position and conflicts of interest relating to directorships and trustees.
- Overall, the framework means that DCC should not suffer significant damage to its reputation due to failure of a CFSP.

Project Plan

Prog No.	Stage Details	Target Date	Progress	Issues Arising
1.	Draft Scope of Project	30/04/15	Completed and included above	n/a
2.	Draft Project Plan	30/04/15	Completed	n/a
3.	ID Key areas funded as CFSPs	22/05/15	In progress and nearly completed.	Delayed from initial target date due to restructure in IA service.
4.	ID key Partnerships			
5.	ID key 3 rd party supplier areas			
6.	ID Key contacts from the above and discuss current governance, monitoring and reporting arrangements			
7.	ID key strengths and weaknesses from the current monitoring arrangements	29/05/15		
8.	Discuss and assess current financial & legal arrangements for the above	29/05/15		
9.	Review elected member roles and responsibilities on 'boards', identifying appropriate guidance and training to allow them to effectively discharge their role	29/05/15		
10.	Agree changes to current arrangements	05/06/15		
11.	Draft new guidelines, including templates	19/06/15		
12.	Develop implementation plan for the new framework	26/06/15		
13.	Finalise framework and documentation	30/06/15		
14.	Seek formal approval of the new framework	July 2015		
15.	Launch new framework	July 2015		

Report to: Corporate Governance Committee
Date of Meeting: 15 April 2014
Lead Member: Councillor Barbara Smith
Report Author: Head of Legal and Democratic Services
Title: Member Representation on Outside Bodies - Update

1. What is the report about?

1.1 The report is about appropriate arrangements for Members who represent the Council on Outside Bodies to report back to the Council on their work with those Outside Bodies.

2 What is the reason for making this report?

2.1 To provide Members with an update on the work being done in respect of a mechanism for Members on Outside Bodies to use to report back to the Council on the activities of those bodies.

3 What are the recommendations?

3.1 That Members consider the contents of this report and agree options to be recommended to the Council.

4 Report details

4.1 Members have previously considered a report on the Protocol for Members on Outside Bodies. The Committee requested further information regarding the creation of a mechanism by which Members appointed by the Council to represent it on Outside Bodies could report back to the Council on their work with and the activities of the Outside Body.

4.2 The Outside Bodies to which the Council appoints representatives are many and varied. In addition the roles to which Members are appointed on those bodies can differ greatly. Some Members are appointed as Directors or Trustees, both of which roles carry with them specific legal duties and obligations to the body to which they have been appointed. A fuller description of these roles is contained in the Protocol and Guidance for Elected Members appointed to Outside Bodies attached as Appendix 1.

4.3 At the meeting of the Committee in November 2013 Members asked for a list of Outside Bodies to which Members had been appointed set out in the following categories:

- Bodies which set a precept that the Council collects
- Bodies to which the Council pays a subscription to be a members
- Bodies which receive a grant or other financial assistance from the Council
- All other Outside Bodies

The list is attached as Appendix 2.

4.4 In considering whether and how Members report back to the Council the Committee will need to consider the following issues:

- Whether there needs to be the same frequency and detail of reporting in respect of all Outside Bodies
- Whether the frequency and detail of reporting depends on the level of risk posed to the Council e.g. financial, reputational
- Directors and trustees will owe duties in law to the body to which they are appointed and may be bound by obligation of confidentiality to that body that restricts the level of detail included in any report.
- The forum to which the reports are made
- The potential overlap and duplication with the system of Annual Reports for Members on their activities as Councillors.

4.5 A draft template report is attached for Members' consideration as Appendix 3.

4.6 The Committee is requested to consider the issues set out in this report and indicate their preferences in order that a fuller consultation take place with all elected Members.

5 How does the decision contribute to the Corporate Priorities?

5.1 The work of outside bodies can contribute to the delivery of the Council's priorities and regular information on their activities may assist the Council in planning future activity.

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

6.1 There will be some additional staff time incurred in administrating the reporting process. This should be contained within existing budget.

7 What consultations have been carried out and has an Equality Impact Assessment Screening been undertaken?

7.1 This report is the beginning of a consultation with Members. There is no need for an Equality Impact Assessment.

8 Chief Finance Officer Statement

8.1 The recommendations of this report do not appear to have any financial implications.

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

9.1 The risk of not receiving regular reports is that Members continue to be appointed to outside bodies that cease to be relevant to the Council's objectives and take up Members' time unnecessarily.

10 Power to make the Decision

10.1 Section 111 Local Government Act 1972.

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Corporate Governance Committee Forward Work Programme

27 July 2015		Standing Items	
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian Evans
	2	Recent External Regulatory Reports Received	Head of Business, Planning and Performance, Alan Smith / Keith Amos
	3	Internal Audit Progress Report	Head of Internal Audit, Ivan Butler / Cllr Julian Thompson-Hill
	4	Feedback on Corporate Equality Meeting – verbal	Councillors Martyn Holland / Hugh Evans
	5	Forward Work Programme	
		Reports	
	6	Budget Process 2016/17	Chief Accountant / Richard Weigh
	7	Draft Accounts	Chief Accountant / Richard Weigh
Page 123	8	Procurement of Construction Services Report	Head of Communication, Marketing and Leisure / Jamie Groves & Acting Strategic Procurement Manager / Stuart Andrews
	9	Financial Payment to Care Leavers – Update (Verbal Report by Jamie Groves)	Head of Communication, Marketing and Leisure / Jamie Groves, Acting Strategic Procurement Manager / Stuart Andrews & Service Manager Looked After Children / Rhian Morrle
	10	WAO Report - Financial Resilience of Councils in Wales	Wales Audit Office
	11	Auditor General Report – Managing Early Departures	Wales Audit Office
	12	New Model Constitution	Head of Legal, HR and Democratic Services / Gary Williams
	13	Corporate Governance Committee – Terms of Reference Update	Head of Legal, HR and Democratic Services / Gary Williams
28 Sept 2015		Standing Items	
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator / Rhian Evans
	2	Recent External Regulatory Reports Received	Head of Business, Planning and Performance, Alan Smith / Keith Amos

Corporate Governance Committee Forward Work Programme

	3	Internal Audit Progress Report	Head of Internal Audit, Ivan Butler / Cllr Julian Thompson-Hill
	4	Feedback on Corporate Equality Meeting – verbal	Councillors Martyn Holland / Hugh Evans
	5	Forward Work Programme	
		Reports	
	6	Budget Process 2016/17	Chief Accountant / Richard Weigh
	7	Your Voice Annual Report	Head of Customers and Education Support, Jackie Walley / Clare O’Gorman
	8	Final Accounts	Chief Accountant / Richard Weigh
18 Nov 2015		Standing Items	
Page 124	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator / Rhian Evans
	2	Recent External Regulatory Reports Received	Head of Business, Planning and Performance, Alan Smith / Keith Amos
	3	Internal Audit Progress Report	Head of Internal Audit, Ivan Butler / Cllr Julian Thompson-Hill
	4	Feedback on Corporate Equality Meeting – verbal	Councillors Martyn Holland / Hugh Evans
	5	Forward Work Programme	
		Reports	
	6	Budget Process 2016/17	Chief Accountant / Richard Weigh
27 Jan 2015		Standing Items	
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator / Rhian Evans
	2	Recent External Regulatory Reports Received	Head of Business, Planning and Performance, Alan Smith / Keith Amos
	3	Internal Audit Progress Report	Head of Internal Audit, Ivan Butler / Cllr Julian Thompson-Hill
	4	Feedback on Corporate Equality Meeting – verbal	Councillors Martyn Holland / Hugh Evans
	5	Forward Work Programme	

Corporate Governance Committee Forward Work Programme

		Reports	
	6	Budget Process 2016/17	Chief Accountant / Richard Weigh

NB The exact date of publication of occasional reports by for example Wales Audit Office or Annual Reports by the Ombudsman are not presently known. They will be assigned a meeting date as soon as practicable.

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