

To: Members of the Corporate  
Governance Committee

Date: 22 April 2016

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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, 27 APRIL 2016** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN.**

Yours sincerely

G. Williams  
Head of Legal, HR and Democratic Services

## **AGENDA**

### **1 APOLOGIES**

### **2 DECLARATION OF INTERESTS**

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 5 - 20)**

To receive the minutes of the Corporate Governance Committee meeting held on the 23<sup>rd</sup> March, 2016.

### **5 JOINING EDUCATION AND CHILDREN'S SERVICES (Pages 21 - 60)**

To consider a report by the Corporate Director: Communities (copy enclosed) on the findings from the Test of Assurance (ToA) for joining Education and Children and Families services in Denbighshire County Council (DCC).

- 6 WAO ANNUAL IMPROVEMENT REPORT 2015/16** (Pages 61 - 108)  
To receive a report and presentation from the Wales Audit Office (copy enclosed) on the Annual Improvement Report 2015/16.
- 7 CERTIFICATION OF GRANTS AND RETURNS 2014/15** (Pages 109 - 124)  
To consider a report by Chief Finance Officer (copy enclosed) which set out a summary of the key outcomes from WAO's certification work on the Council's 2014/15 grants and returns.
- 8 BUDGET PROCESS 2015/16** (Pages 125 - 132)  
To consider a report by the Chief Finance Officer (copy enclosed) which provides an update on the process to deliver the revenue budget for 2017/18.
- 9 INTERNAL AUDIT ANNUAL REPORT 2015/16** (Pages 133 - 142)  
To consider a report by the Head of Internal Audit (copy enclosed) 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 ANNUAL ASSURANCE PLAN 2016/17** (Pages 143 - 156)  
To consider a report by the Head of Internal Audit (copy enclosed) on the Internal Audit Annual Assurance Plan for 2016-17.
- 11 DRAFT ANNUAL GOVERNANCE AND IMPROVEMENT STATEMENT 2015/16** (Pages 157 - 184)  
To consider a report by the Head of Internal Audit (copy enclosed) which provides the draft self-assessment report on the Council's governance and improvement arrangements for 2015/16.
- 12 INTERNAL AUDIT OF WEST RHYL COASTAL DEFENCE SCHEME PHASE 3** (Pages 185 - 208)  
To consider a report by the Head of Internal Audit (copy enclosed) on the recent Internal Audit report on the Coastal Defence project that received a 'Low' assurance rating.
- 13 FEEDBACK ON CORPORATE EQUALITY MEETINGS**  
To consider a verbal report by the Head of Legal HR and Democratic Services on the feedback on Corporate Equality meetings.
- 14 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME** (Pages 209 - 212)  
To consider the Committee's forward work programme (copy enclosed).

## **MEMBERSHIP**

### **Councillors**

Ann Davies  
Stuart Davies  
Peter Duffy

Alice Jones  
Jason McLellan

### **Lay Member**

Paul Whitham

### **COPIES TO:**

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## **CORPORATE GOVERNANCE COMMITTEE**

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1a, County Hall, Ruthin on Wednesday, 23 March 2016 at 9.00 am.

### **PRESENT**

Councillors Stuart Davies, Peter Duffy and Jason McLellan (Chair).

Councillors Meirick Lloyd Davies, Hugh Evans, Bobby Feeley and Julian Thompson-Hill attended as observers.

### **ALSO PRESENT**

Corporate Director: Communities (NS), Head of Legal, HR and Democratic Services (GW), Head of Internal Audit (IB), Head of Business Improvement and Modernisation (AS), Chief Finance Officer (RW), Chief Accountant (SG), Education Planning and Resources Manager (IL), School Funding Manager (CJ), Recruitment Specialist (AM), Wales Audit Office Representatives (AV, GB, MP, CO) and Committee Administrator (CIW).

The Chair requested that the condolences of the Committee be conveyed to the families of Councillors Richard Davies and Peter Owen who had sadly passed away.

### **1 APOLOGIES**

Apologies for absence were received from Councillors Ann Davies and Alice Jones.

### **2 DECLARATIONS OF INTEREST**

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 27<sup>th</sup> January, 2016.

Accuracy:- It was noted that Lay Member Mr Paul Whitham was in attendance at the meeting.

Matters arising:-

5. Ysgol Mair, Rhyl – Financial Recovery Plant:- The HLHRDS informed Members that he had contacted the Diocesan Education Office to seek responses to issues and concerns raised by Members of the Committee, and the following responses had been received:-

- The Diocese did not have a specialist advice team to provide support and advice to schools on financial matters, and it was suggested that schools should contact the Diocese direct to discuss financial issues.

- Details of the timescale relating to the secondment of a member of staff from Ysgol Mair, and other Catholic Schools in Denbighshire which might be experiencing similar problems to those at Ysgol Mair, would be forwarded to the HLHRDS at a future date. The HLHRDS agreed to circulate the information to Members of the Committee when received from the Diocesan Education Office.

10. Corporate Governance Committee Forward Work Programme - In response to a question from Mr P. Whitham, the HLHRDS explained that a Workshop to consider the Constitution had met in March, 2016, and report would be presented to the Committee detailing the outcome.

**RESOLVED** – *that, subject to the above, the minutes be received and approved as a correct record.*

## **5 BUDGET PROCESS 2015/16**

A report by the Chief Accountant (CA), which provided an update on the process to deliver the revenue budget for 2016/17, had been circulated previously.

Councillor J. Thompson-Hill, assisted by the CA, provided a detailed summary of the report. It was explained that the report in January had summarised the Freedoms and Flexibilities process which had successfully delivered balanced budgets for 2015/16 and 2016/17. Monitoring of budget performance would continue to be reported monthly to Cabinet, and the Cutting Our Cloth Task and Finish Group was in place to monitor the impact of budget decisions taken as part of the process.

Following receipt of the Final Settlement in early March work had commenced on defining a new budget process to deliver the 2017/18 budget. However, the assumptions which would inform the detail of the Medium Term Financial Plan (MTFP) and the process itself were under development. The Key Assumptions Informing Development of MTFP had been included in the report, together with, the Principles of the 2017/18 Budget Process.

Members were informed that a draft timetable, Appendix 1, had been developed, which would be subject to further change. The timetable expanded on the following four stages of the budget process:-

- 1) Define and develop the process
- 2) Identify initial proposals

- 3) Consult on and finalise proposals
- 4) Final approval stages

The CA explained that the timetable, Appendix 1, had changed as the forms had been presented to SLT prior to the scheduled date of the 7<sup>th</sup> April, 2016. Details of the changes were outlined for Members and it was emphasised that this would be a one year process. It was confirmed that all stages would allow for consultation and engagement with the relevant stakeholders. A further update would be provided at the next meeting, by which time both the MTFP and the budget process would have been consulted on and approved. Based on current assumptions around funding and cost pressures the forecast budget gap for 2017/18 was £4.4m. Previous reports had highlighted in detail the significant consultation process undertaken to deliver the 2015/16 and 2016/17 budgets.

The proposed budget process for 2017/18 had been summarised in Appendix 1, together with, details of the adopted consultation process. It was explained that it was likely that funding reductions to LAs in Wales would continue in the medium term, and while the Council would endeavour to be more efficient to save money, this in itself may not be sufficient in future. Budget decisions would become more difficult and probably require a longer lead-in time to deliver.

The proposed budget process for 2017/18 would help deliver a balanced budget and enable the Council to take account of key funding assumptions, service pressures, levels of cash reserves and the levels of fees and charges within the Council.

The Chair explained that he was pleased that the impact on services had been considered. The CFO provided an outline of how the service impact would be split into two elements with a view to meeting efficiency targets, these would be proposed and then subsequently adopted by the respective services.

Councillor S.A. Davies emphasised the importance of Member involvement at the outset of the process, particular reference being made to Member input at Budget Workshops. He also expressed concerns about the impact of budget related decisions on the general public, the consequences arising from the rapid increase of pupil numbers in Denbighshire schools and of directives received in relation to cash reserves held by Councils. The Chair referred to the budget setting and decision making processes and endorsed the views expressed by Councillor Davies regarding the need for greater Member involvement at the outset of the budget setting process. Councillor J. Thompson-Hill outlined a discrepancy in the colour coding in Appendix 1, and explained that reference to the 23<sup>rd</sup> March, 2016 should be yellow and not blue.

Councillor H.H. Evans felt that the budget setting process adopted by Denbighshire was as good as any in Wales, and he highlighted problems previously experienced in encouraging Member involvement in the process.

The Committee considered views expressed by the Committee regarding Member involvement at the outset of the budget process, and it was suggested that the

matter be considered at the SLT Session on the 7<sup>th</sup> April, 2016 and Council Briefing on the 6<sup>th</sup> June, 2016.

The Committee considered views expressed by the Committee regarding Member involvement at the outset of the budget process, and it was suggested that the matter be considered at the Group Leaders Meeting on the 4<sup>th</sup> April, 2016 and Council Briefing on the 6<sup>th</sup> June, 2016.

The CFO and CA provided an outline of the timescales pertaining to the budget process and the impact with regard to the programme for undertaking operational decisions.

The CFO explained that all the information produced previously was available in the Members library and the principles had not changed. However, he reminded the Committee that the new process would be dependent on the outcome of the Final Settlement, and he felt that the savings target might be higher than required.

During the ensuing discussion, Councillor H.H. Evans agreed to raise the issue at the Group Leaders meeting on 4<sup>th</sup> April. Councillor J. Thompson-Hill confirmed that he would attend the meeting to provide an overview and report back to Members.

***RESOLVED*** – *that, subject to the above proposals, the Corporate Governance Committee receive and note the contents of the report.*

***(RW, SG, Cllrs HHE & JTH to Action)***

## **6 CORPORATE SAFEGUARDING UPDATE**

### **CSSIW Reports:-**

Prior to consideration of the Corporate Safeguarding Report, the Corporate Director: Communities (CDC) confirmed that it was the agreed procedure for the Corporate Governance Committee receive and consider external reports. She explained that due to time constraints and the scheduling of meetings it had been necessary to present the CSSIW Annual Performance Evaluation 2014/15 Report to a formal Council meeting for acceptance by a given date. It had also been intended that the Area Manager would present the report prior to vacating his post, however he had been unable to attend the respective Scrutiny Committee meeting.

The CDC explained that the report had been presented to the Performance Scrutiny Committee on the 10<sup>th</sup> December, 2015, and had been the subject of a thorough and challenging debate. She explained that the CSSIW Report had reflected on the Annual Report of the Statutory Director of Social Services, which would also be presented to the Performance Scrutiny Committee.

Members were informed that the report had been thoroughly scrutinised, and it was confirmed that future CSSIW Reports would be presented to the Corporate Governance Committee in a new format. The CDC agreed that details of the new format to be adopted by the CSSIW be conveyed to the Chair, and presented to the Scrutiny Chairs and Vice Chairs Group.



The Chair confirmed that the minutes of the Performance Scrutiny Committee had been circulated to Members of the Corporate Governance Committee, and Members agreed that the CSSIW Report had been the subject of a thorough and challenging debate.

### **Corporate Safeguarding Report:-**

A report by the Head of Internal Audit (HIA), which provided an update on progress in implementing the Action Plan (AP) which accompanied the Internal Audit report on Corporate Safeguarding in August 2015, had been circulated previously.

The report provided information on how the Council was implementing improvements in corporate safeguarding since the issue of the Internal Audit report in 2015. The audit report had given a 'Low Assurance', so the Committee had requested a progress report to ensure that the issues highlighted were being addressed.

The Internal Audit follow up report, Appendix 1, indicated that good progress had been made with implementing the AP. Governance had been improved and the Safeguarding Panel had a more focused work programme to enable it to prioritise its work and monitor performance. It was confirmed that there was now more dedicated resource being applied to Corporate Safeguarding through the Chair of the Panel increasing his involvement, including meetings with Service Panel representatives.

There was still some work to do to ensure that members of staff and Elected Members were aware of their responsibilities for Corporate Safeguarding, including a promotion campaign to launch the new Corporate Safeguarding Policy. In addition, the planned corporate training module would need to be developed and implemented with Elected Members being required to attend mandatory Corporate Safeguarding training sessions. Members acknowledged that given the progress made with the Action Plan, the assurance rating had improved to 'Medium'.

The Chair expressed the view that the initial intention that Corporate Safeguarding be implemented across the County had not been fully implemented. However, he acknowledged that although many of the issues in the Action Plan had been addressed there were still issues outstanding. Councillor H.H. Evans explained that Members and officers were aware of their Safeguarding responsibilities. He explained that the Chair of the Panel had been robust in his intentions of promoting the delivery of the Corporate Safeguarding agenda, with the level of debate and challenge having increased. The Chair informed the Committee that it was his intention to attend the next meeting of the Panel as an observer.

Mr P. Whitham expressed concern that deadlines pertaining to the follow up reports had slipped, particular reference being made to promotion and training aspects. The Committee supported Mr Whitham's suggestion that a further progress report be presented to the Committee in September, 2016.

The Corporate Director: Communities (CDC) acknowledged that some of the deadlines had not been achieved. However, she explained that the process would be ongoing with some aspects being continued on a permanent basis. One of the

main aspects had been raising awareness across the Council. A business item would again be presented to the June, 2016 Council Briefing meeting with regard to Corporate Safeguarding, and Members would be encouraged to attend.

Following further discussion, it was:-

**RESOLVED** – *that the Corporate Governance Committee:-*

- (a) receives and noted the contents of the report.*
- (b) agrees that a progress report be presented to the September, 2016 meeting of the Committee, and*
- (c) requests that Members be encouraged to attend the Council Briefing meeting to consider the Corporate Safeguarding item.*

**(NS, IB to Action)**

## **7 FINANCIAL RESILIENCE OF COUNCILS IN WALES - UPDATE**

A report by the Chief Finance officer (CFO) had been circulated previously.

Members were informed that the Wales Audit Office (WAO) had completed an assessment of the Council's 'financial resilience' following on from the national study report published in 2015. The report by the Auditor General for Wales 'Financial Resilience Assessment Denbighshire County Council' had been included as an Appendix to the report.

The assessment had been completed during the period May to October 2015, and followed up issues highlighted in the 2014-15 financial position work. The focus of the work had been on the delivery of 2014-15 savings plans, and the 2015-16 financial planning period. The report concluded that the Council had appropriate financial management arrangements in place.

The CFO explained that the report provided a positive assessment of the Council's financial arrangements. The Council's policy on fees and charges had been set out in Financial Regulations, and had been included in annual budget rounds. This it was felt would be enhanced as part of the 2017/18 process and departmental registers maintained.

The WAO Representative (GB) focused on the one recommendation which had been to establish a formal policy on income generation and charging and a register of the charges set by departments, and this would be addressed in the 2017/18 budget process. Members were informed that Denbighshire did not have a corporate approach to income generation, and it was felt that it might be beneficial for Members to enter into a political debate on this issue, and reference was made to the approach adopted by other Councils. WAO Representative (AV) referred to the restrictions imposed on Councils in terms of income generation and made reference to the cross subsidisation of services. He highlighted the importance of ensuring a strategic grip on the source of income to the Authority and the flexibility available in terms of its distribution.

The CFO explained that the Council's formal policy in respect of decisions around reviewing fees and charges had been devolved to the respective Heads of Service, who would take any proposed changes through the appropriate budget setting process. Reference was made by the CFO to the limits imposed with regard to the major areas of charging.

In response to suggestions from Members of the Committee regarding the need for an overarching policy with regard to income generation, Councillor J. Thompson-Hill felt that there was a need for flexibility. The HLHRDS outlined the complex nature of the process for setting fees and charges, and highlighted the need to consider the impact of any decisions made on local businesses and the community in general. He explained that it would be important to comply with legislative requirements and restrictions, and the need to justify that in certain circumstances only costs were being recovered.

During the ensuing discussion the Chair explained that the debate by the Committee would be incorporated in the budget deliberations.

**RESOLVED** – *that the Corporate Governance Committee receive the report and note the recommendation by the WAO.*

## **8 RISK MANAGEMENT OF WELL-BEING OF FUTURE GENERATION ACT**

A report by the Head of Business, Planning and Performance (HBPP), which explored the changes required in the way the Council manage risk with regard to the Well-being of Future Generations Act (WFGA), had been circulated previously.

The HBPP provided a detailed summary of the report. He explained that in order to comply with the WFGA the Council would be required to review the way it managed risk, and the report explored some of the issues the change raised for the Council, and outlined its potential impact on the Corporate Risk Register.

The WFGA included far reaching changes to the way the Council would be required to conduct its business, and would need to demonstrate how it contributed to the seven aims by publishing annual Well-being objectives. More fundamental would be the expectation that the Council would change the way it made decisions by taking into account the five Sustainable Development Principles: Long term; Prevention; Integration, Collaboration, Involvement.

The HBPP summarised each of the five Sustainable Development Principles, which had been included in the report. Reference was made to the challenge relating to risk management, with risks being divided into short term 'operational' and long term 'strategic'. Details pertaining to the management of the specific risks, and the mitigating actions and options implemented to mitigate the complex risks, had been outlined in the report.

Confirmation was provided by the HBPP that the Council were confident that their current operational risk process was fit for purpose. However, the larger task would be to develop the tools and techniques to improve the process in the future.

The Council were working with partner Authorities to develop a method of impact assessment, and were also trialling community based resilience work which was intended to promote both long term thinking and constructive engagement on shared problems. Members were informed that further work would be developed as the five Sustainable Development Principles were introduced.

Concern was expressed by Councillor S.A. Davies that the Act had been implemented and determined by Welsh Government. He questioned its parameters, methods and level of engagement with the public and the expectations of the Act. The HBPP explained that many aspects and requirements of the Act were currently being addressed by the Council, and that Elected Members were already engaging with the local community and public in general. He referred to the importance of exploring methods of strengthening the community, and examining alternative approaches to decision making, with a view to ensuring a level of improvement for future generations.

Councillor H.H. Evans explained that the Act would inevitably be introduced and it would be important to ascertain the level of emphasis to be placed on its development. He alluded to the many areas which would be influenced by the Act, particular reference being made to Education and Safeguarding, and highlighted the need to make the most of the positives incorporated in the Act. He expressed the view that engagement would not undermine the role of Members and that the Council's Corporate Plan would be the driving influence for the Authority, taking into account the guiding principles of the aims within the Act.

The Chair concurred with the views expressed by the WAO Representative regarding the necessity to look at the broader picture and the need for a change in mind set, while not being driven by bureaucracy. In reply to a question from the Committee, it was explained that if the Council ignored or failed to address the requirements of the Act then they could be liable to challenge at a future date. The HLHRDS explained that the Act made reference to taking reasonable action or steps, and that if it was deemed that justified action had been taken there would be no cause of action.

The importance of planning ahead for the benefit of future generations, and assessing any associated risks, was highlighted by Councillor P.C. Duffy, and he expressed the view that the introduction of more pilot studies could be beneficial.

Councillor H.H. Evans referred to the possible benefits to be realised from monitoring the actions of other bodies and organisations and assessing the level of commitment. He suggested that the Act be utilised as a vehicle to improve service delivery with limited resources, to and insert the principles of the Act into the decision making process.

During the ensuing discussion reference was made to the trialling of the community based resilience work intended to promote both long term thinking and constructive engagement on shared problems (People to People in Llangollen). It was explained that the scheme had been undertaken in Corwen and the response had been very positive. In response to a request to officers, it was agreed that the

outcome of the project be conveyed to the Chair and then forwarded to Members of the Committee.

**RESOLVED** – *that the report be received and noted.*  
**(AS to Action)**

## **9 CORPORATE GOVERNANCE COMMITTEE ANNUAL REPORT**

The Chair provided a verbal report on the Corporate Governance Committee Annual Report. He explained that the Terms of Reference of the Committee were defined in the Council's Constitution, and that it had been tasked with the role of ensuring that Denbighshire had a robust governance framework which was fit for purpose.

Details of the following areas of work undertaken by the Committee during the past twelve months included:-

Headline Areas:-

- An audit role which included the scrutiny of internal audit reports, consideration of the findings of external audit reports and the receipt and overview WAO reports.
- Corporate Risk Management, identifying and reviewing risk and ensuring that the Authority's Risk Management System and Information Management Strategy were robust.
- A Financial Role which included overseeing the Council's Financial Management, Budget Process, Statement of Accounts, Treasury Management and Prudential Indicators.
- Information Management and Data Protection issues.
- Constitution and Procurement programme changes.
- Annual Governance Statements and Complaints and feedback.

Other Areas of Work:-

- Monitoring of Council funded public services.
- Financial Payment to Care Leavers.
- Annual Improvement Report and implications to the Council's Housing Policy.
- Government Reform and Welfare matters.
- Corporate Safeguarding issues.
- Statement of Accounts and Audit Report issued with a high level of assurance.
- Receipt of the Treasury Management Report, investment and activity overview.
- Negotiation of the PFI exit in relation to County Hall, Ruthin.
- Constitution and ongoing work relating to the Scheme of Delegation.
- Government consultation on Freedom of Information Requests.
- Updating the codes and protocol on Member and officer relationship.
- Overseeing Safeguarding issues and trends identified.
- School finance and support for School Governing Bodies.
- The impact of the Education and Children's Services Committee.

- Assisting in ensuring that the Council meets its Corporate Priorities.
- Providing an overview of various Council policies such as the Whistle Blowing and Fraud and Corruption Policies.
- Responding to and addressing reports in the media.
- Addressing various specific issues as and when they arise.
- Work pertaining to coastal defences.

The Chair thanked the Internal Audit Team and the WAO Officers for the work they had undertaken and the assistance provided to the Committee. He also provided confirmation that a written Corporate Governance Committee Annual Report would be presented to the County Council meeting in May, 2016.

**RESOLVED** – *that:-*

*(a) Corporate Governance Committee receive and note the Corporate Governance Committee Annual report, and*

*(b) a report detailing the work undertaken by the Corporate Governance Committee be presented to County Council in May, 2016.*

**(JM (Chair) to Action)**

## **10 CORPORATE FLEET MANAGEMENT UPDATE REPORT**

A report by the Head of Internal Audit (HIA), which provided an update on progress in implementing the Action Plan that accompanied the Internal Audit Report (IAR) on Corporate Fleet Management in October, 2015, had been circulated previously.

The HIA introduced the report which provided information on how the Council was implementing improvements in fleet management since the issue of the IAR in 2015. In response to the IAR having given 'Low Assurance', the Committee had requested a progress report to ensure that the issues were being addressed.

The Internal Audit follow up Action Plan, Appendix 1, indicated that progress had been made with implementing the issues and risks identified by Internal Audit. As this was only an interim follow up audit, progress would be monitored and a formal follow up report would be issued with a new assurance rating.

Although there were still some actions outstanding, the key issues had already been addressed, such as developing a new Transport Policy, which would now need to be approved and issued. Health and Safety issues had also been addressed through improving induction procedures, reviewing incident reporting and improving driver licence processes.

Mr P. Whitham made reference to progress in respect of those areas highlighted as amber and yellow, and requested that a progress report be presented to the Committee in September, 2016. In reply to concerns raised by Mr Whitham in relation to the declaration of any illness or any anomalies in respect of driving licences, the HIA explained that these issues had been covered and addressed following the production of new Appointment Forms.

In reply to concerns raised regarding the use of mobile phones by employees when driving, the HIA explained that this was a contravention of the law and could be a disciplinary matter.

**RESOLVED** – that:-

- (a) *the report be received and the position noted, and*
- (b) *a further progress report be presented to the September, 2016 meeting of the Committee.*

**(IB to Action)**

## **11 SCHOOLS FINANCIAL MANAGEMENT - UPDATE**

A verbal report on schools financial management arrangements was provided by the Head of Internal Audit (HIA), Education Planning & Resources Manager (EPRM) and School Funding Manager (SFM).

The HIA referred to discussions at the previous meeting relating to the Financial Recovery Plan for Ysgol Mair, Rhyl, and concerns and questions raised by Members regarding Schools Financial Management arrangements and processes, and the role of the Schools Business and Finance Managers. The Chair expressed concern that schools which had experienced financial difficulties had not had a Schools Financial Advisor, and clarification had been sought on the provision of financial advice and guidance available for schools and details of the processes in place to provide assistance.

The Education Planning and Resources Manager (EPRM) outlined the Structure for Denbighshire Schools, which had a Business and Finance Manager in each of the Secondary Schools who then provide support to their respective feeder schools in their cluster. He made reference to the WLGA and explained that the process adopted in Denbighshire had been held as a good practice example, and had been viewed as a model for Wales in terms of the procedures and processes adopted. Reference was made to the future challenges being faced by schools who were experiencing increasing financial pressures. It was confirmed that the SFM would regularly visit schools in difficulty to provide support and advice, and the support and help from the cluster would assist in addressing problems. Mr P. Whitham explained that it had been noted that Ysgol Mair, Rhyl had not been part of the Rhyl Cluster.

In response to concern raised by Councillor S.A. Davies regarding the changes in projections, the SFM provided confirmation that projections could change at very short notice for many reasons and he highlighted the difficulties faced in predicting future financial out-turns. Councillor Davies also suggested that the Diocese be approached with a view to seeking an increase in the level of support and financial assistance for their respective schools.

The Corporate Director: Communities Schools referred to the Statutory Provisions which schools were required to meet which contributed to the difficulties faced when predicting projections, particular reference being made to teacher to pupil ratios, health and safety issues and admission figures.

The CA informed Members that figures pertaining to demography had been incorporated in the process, and he provided details of the implications of the impact of the Teachers' Pension Fund on the school budget.

In response to concerns raised by Councillor P.C. Duffy regarding the level of support provided to Ysgol Mair, the CDC explained that had the officers had been invited to attend the previous meeting a more detailed and rounded prospective of the circumstances could have been provided. She confirmed that assistance and support, provided by a very proactive and dedicated team, was available for all schools, and that no complaints had been received regarding the level or quality of assistance and support provided. Members supported the view expressed by the Chair that in the event of any similar cases being brought before the Committee for consideration, the respective officers would be invited to attend. The EPRM confirmed that support and assistance had been available for Ysgol Mair, and he provided details of the issues and problems which had been experienced at school.

In reply to questions from Members regarding the mechanisms implemented to improve the projections process, the CA explained that although the proposal was to honour protection for School Delegated Budgets it was anticipated that the number of schools experiencing difficulties could increase due to inflationary pressures and the reduction in school balances over recent years which has reduced the level of flexibility.

During the ensuing discussion the Chair confirmed that an update report in respect of Ysgol Mair would be presented to the Committee in September, 2016, and it was agreed that the respective officers be invited to attend.

**RESOLVED** – *that the Corporate Governance Committee agrees that:-*

- (a) the report be received and noted.*
  - (b) officers be invited to attend the September, 2016 meeting of the Committee for consideration of the update report in respect of Ysgol Mair, Rhyl, and*
  - (c) in the event of any similar cases being brought before the Committee for consideration, the respective officers would be invited to attend*
- (IL, CJ, IB to Action)**

## **12 WHISTLE BLOWING POLICY**

A report by the HR Service Manager (HRSM), on the Whistleblowing Policy which had been reformatted, updated and revised in line with legislation, had been circulated previously.

The HLHRDS introduced the report which sought the Committee's agreement to recommend the policy to Council for adoption. The Policy provided staff with an assurance that they could raise issues of concern without fear of reprisal, and provided an early warning system which could indicate a potential problem.

The Policy had been updated and reformatted to include clearer roles and responsibilities and legislative changes. The Enterprise and Regulatory Reform Act



(2013) had brought about a number of changes which would impact on whistleblowing. The three key changes included:-

- i) Only disclosures made 'in the public interest' are protected. Employees now have to show that they 'reasonably believe' that the disclosure they are making is in the 'public interest.'
- ii) The removal of the requirement for disclosures to be made in 'good faith' in order to be protected.
- iii) Making employers liable for the acts of employees (such as harassing a colleague who has raised a concern) and making employees personally liable. A copy of the Policy had been included as Appendix 1 to the report.

Members were informed that the Policies had all been presented to the Corporate Joint Meeting for comments and to CJM for feedback. It was confirmed that risks were only associated with the non-implementation of the Policy. The current versions of the Policy were out of date in terms of legislation and it would be important to ensure the Policy was being applied correctly and consistently.

Mr P. Whitham referred to Page 111 and suggested that the word "within" in the sentence "something wrong within the Council" be rephrased as an issue could be about the Council or identified by someone, such as a contractor, not directly employed by the Council. It was confirmed that the Policy would be applicable to all members of staff, and could be adopted by schools if they so wished.

In reply to an issue highlighted by the WAO representative regarding the possible difficulties which could be encountered in relation to confidentiality, the HLHRDS provided an outline of the level of detail which might be provided in respect of the disclosure of information. In response to a query from the Chair regarding the public interest element of the Act, the HLHRDS explained that the Policy set out in detail how the protection element would be applied in respect of disclosures.

**RESOLVED** – *that the Corporate Governance recommends the above policy to Council for approval.*

**(GW, AM to Action)**

### **13 2016 AUDIT PLAN - DENBIGHSHIRE COUNTY COUNCIL**

A report by the Chief Finance Officer (CFO) had been circulated previously, together with, a copy of a letter from the Auditor General for Wales to the Chief Executive of the County Council.

The WAO representatives (AV and GB) introduced the report which incorporated the '2016 Audit Plan – Denbighshire County Council'. The report set out the planned programme of work for both the WAO's financial audit performance audit programme, and provided details of the fee for the work, the audit team and the timetable for the work. The external auditors would be required to prepare and present the report in order to discharge their requirements under auditing standards and proper audit practices.

The report provided the Council with an outline of the financial audit and performance audit work programme. The financial audit programme covered the work in respect of the 2015-16 financial statements. It also 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 reviewed the arrangements put in place by the Council to secure economy, efficiency and effectiveness in its use of resources.

A summary of the contents of the 2016 Audit Plan – Denbighshire County Council were provided, which included:-

- Financial Audit.
- Certification of grants claims and returns.
- Other work undertaken.
- Performance audit.
- Fee, audit team and timetable.
- Timetable.
- Future developments to the audit work

Appendix 1:- Respective responsibilities.

Appendix 2:- Performance work in the last year's audit outline still in progress.

Appendix 3:- National value for money studies.

A summary of the letter from the Auditor General for Wales, Local Government studies programme and 2016/17 performance audit programme, was provided for the Committee. It was explained that as a result of the consultation being undertaken the audit planning in respect of the performance aspect had been vague. Members were informed that the letter set out in detail plans for the forthcoming year, particular reference being made to the three local government studies being undertaken across Wales, and the change in approach to the work delivered at Councils as a result of the withdrawal of a significant amount of the WPI grant funding.

Details of the proposed programme of work for the coming year was provided and the following salient points within the letter were highlighted:-

- Details of proposed studies.
- The three thematic reviews which included Financial Resilience, Governance and Transformation.
- Work in respect of a Corporate Assessment being carried out on a risk basis approach as part of the Governance Review.

In response to a question from Councillor S.A. Davies, the WAO representative (GB) outlined the different approach to be adopted with the presentation of three

separate reports would have arisen as a consequence of the WG proposal to repeal the Local Government Measure which imposed certain constraints.

During the ensuing discussion the Chair thanked the WAO Representatives for the report, and it was:-

**RESOLVED** – *that the Committee receive and note the content of the WAO report.*

#### **14 CORPORATE GOVERNANCE COMMITTEE FORWARD 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 reports:-

27<sup>th</sup> April, 2016:-

- The "Annual Financial Audit Outline of Accounts and Notification of the Certification of Accounts" be amended to "Grant Certification Audit".
- The "WAO Annual Improvement Report Update 2015/16" to be a final report and not an update.

15<sup>th</sup> June, 2016:-

- The Corporate Governance Committee Self Evaluation Report be included in the Forward Work Programme for June, 2016.

13<sup>th</sup> July, 2016:-

- The Annual Report on Whistleblowing be included in the Forward Work Programme for July, 2016.
- The "WAO Annual Improvement Report Update 2015/16" be rescheduled for April, 2016.

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

**(CIW to Action)**

Meeting ended at 13.20 p.m.

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**Report To:** Corporate Governance Committee  
**Date of Meeting:** 27<sup>th</sup>. April, 2016  
**Lead Member / Officer:** Nicola Stubbins  
**Report Author:** Steph O'Donnell

**Title:** **Joining Education and Children's services**

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## **1. What is the report about?**

The Corporate Governance Committee is asked to note the attached Test of Assurance report. This report presents findings from the Test of Assurance (ToA) for joining Education and Children and Families services in Denbighshire County Council (DCC). These two services have been operating as a single service, Education and Children's services, since January 2016.

## **2. What is the reason for making this report?**

The report is presented to Corporate Governance Committee for information and to offer assurance that the transition to the new service has been well managed and risks mitigated.

## **3. What are the Recommendations?**

It is recommended that a follow-on test be completed with summary feedback to the corporate Governance meeting before the end of 2016/17.

## **4. Report details**

### **4.1 Background**

In September 2014 the CEO communicated proposed changes to the Council's organisation structure, including bringing together the Education Service and Children and Families Service to create a new service, Education and Children's Services. This has been compulsory in England for over a decade and is increasingly common in Wales.

It was agreed for a Test of Assurance (ToA) to be developed and carried out as part of the process of transition to the new organisation structure. The Test aims to provide assurance that the Council's statutory duties towards children and young people will be maintained and strengthened through the new organisation structure. Repeating the ToA will offer assurance over time that the new service is compliant with statutory accountabilities.

### **4.2 Scope of ToA**

The ToA provided assurance on:

- ✓ meeting statutory duties of the Director of Children's Services and Director of Education
- ✓ delegated decisions and any associated risks and how these will be managed
- ✓ strengths and areas for future focus for the new service in terms of meeting and exceeding statutory duties and maximising the potential of a combined Education and Children's team.
- ✓ input into Legal and Democratic Service's ongoing review of the Council's constitution, specifically around delegated accountabilities of key officers.

The key statutory instruments which have informed the development of the ToA are listed in the ToA attached (APPENDIX A).

### 4.3 Approach

The Test of Assurance consisted of the following:

- Desk-top review and documentation of all statutory accountabilities
- Process of structured interviews with senior managers for Education and Children and Families Services and the Director, Communities
- Review of meetings attended by members of both management teams
- Review of the delegated decisions for both management teams
- Ongoing consultation with staff related to organisational changes
- Ongoing engagement with elected members, involving the two Lead members and the Leader directly, and attendance at all MAGs in Autumn 2015.

### 4.4 Key Findings/Actions – see ToA (Appendix A) for Detail

- The organisation structure was revised and senior posts allocated (see page 4, Appendix A)
- Attendance at external meetings was reviewed and delegations agreed
- Internal management meetings were reviewed and structure agreed
- Delegated decisions were fed into the review by Legal services, of the council's Constitution
- The risks and mitigating actions were identified and agreed.

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

The main outcome of the change has been an immediate improvement in collegiate working between the different groups. The new service's ability to be "fleet of foot" in its response to the needs of children and young people in the county, to ensure their safety and support them in attaining their potential through education and social opportunities. In this respect, joining the services aligns to the corporate priority that "vulnerable people are protected and able to live as independently as possible" and the objective of "improving our performance in Education".

### 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

The EqIA is attached to this report. The key findings are:

- Overall some positive outcomes are being seen, even at this early stage, in relation to safeguarding children and young people, for example.
- The collegiate working across the service should enable greater equality of opportunity for this vulnerable group
- There is potential risk to the management team from the additional workload entailed and the changes in management structure, This will be reviewed on an ongoing basis through regular management meetings

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

This paper is to be tabled at the Corporate Governance Committee on 27<sup>th</sup>. April 2016, to ensure there is an opportunity thorough scrutiny. The work has also been reviewed with the Lead Member for Social Care, Cllr Bobby Feeley, the Lead member for Education, Cllr. Eryl Williams and the Council Leader.

### 9. Chief Finance Officer Statement

Not required – cost neutral.

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

See Risk register on next page.

No.	Date raised/by	Description/Mitigation	Action Owner	Inherent		Residual	
				Prob	Impact	Prob	Impact
001	Management Team workshop 17.03.2015	<p>By joining the two services, the workload of the HoS increases significantly, necessitating a higher level of autonomy and delegated accountability for middle managers. There is a risk of an impact on service delivery as the senior leadership team may find themselves more stretched.</p> <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>The Head of Service has a responsibility to ensure the delegations are effectively managed and is committed to this</li> <li>Review delegated accountabilities and meeting matrix with managers and ensure clarity of ownership -at all senior management meetings</li> <li>Retain a service manager vacancy and review the requirement to fill the role at 6 months and again at 18 months when the ToA is repeated</li> </ul>	Karen Evans	C	2	D	3
002	Leighton Rees 01.09.2015	<p>Risk that increased operational demands of delivering the service may take precedence and the strategic vision become less robust.</p> <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>The HoS for the new service has a significant experience in Education and the transition to managing children's social care will be informed and influenced by that specialism and knowledge of working with children and young people and related statute</li> <li>The regional and national meetings will support the new HoS in developing the vision for the service</li> <li>Middle Managers will contribute towards the development and implementation of the vision. Final accountability will rest with the HoS</li> <li>The robustness of the arrangement will be validated and tested on an ongoing basis through scrutiny and performance management</li> <li>Test of Assurance is planned at 6 months and 18 months into the process</li> </ul>	Nicola Stubbins	D	3	D	4
003	Julian Molloy 22/09/15	<p>Risk that transition to new service becomes a distraction so standards in schools drop.</p> <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>Clear planning, Clarity of roles and Job outlines</li> <li>Making sure that we manage the new teams effectively and make the service better with less resource.</li> <li>Be mindful that overall the transition to a new joined-up service must have a positive impact on children.</li> </ul>	Karen Evans	D	3	D	4

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# Test of Assurance Phase 1

## Report to Education and Children's Services Senior Management Team

Stephanie O'Donnell

Version 1.5

# Education and Children's Services Test of Assurance Phase 1 Report

## 1. Purpose of Report

This report presents findings from the first Phase of the Test of Assurance (ToA) for joining Education and Children and Families services in Denbighshire County Council (DCC) and recommends follow-on actions to be completed by the management team for the new service.

## 2. Background

In September 2014 the CEO communicated to all officers proposed changes to the Council's organisation structure. Consultation for this review completed on 13/10/2014 and changes are now being moved forward. One of these changes is to bring together the Education Service and Children and Families Service to create a new service, Education and Children's Services. This has been compulsory in England for over a decade and is increasingly common in Wales.

In England Authorities that make significant changes to the role of Director of Children's Services are required to assure themselves that there is no impairment to the delivery of statutory responsibilities as laid out in the Statutory Guidance documents and Guidance on the statutory chief officer post of the Director of Social Services (May 2006).

It was agreed for a Test of Assurance (ToA) to be developed and carried out as part of the process of transition to the new organisation structure. The Test is focused on the statutory responsibilities for Children's and Education services. Repeating the ToA will offer assurance over time that the new service is compliant with statutory accountabilities.

## 3 Purpose

The Test of Assurance (ToA) will deliver a report to CET and Council to assure these key stakeholders that the Council's statutory duties towards children and young people will be maintained and strengthened through the new organisation structure.

The report will also highlight any risks to be mitigated during the first 6 to 12 months operation and the process for ongoing assurance review. The test is to provide assurance of the statutory duties of the Director of Children's Services, the Director of Education and the Lead Member.

## 4. Scope of ToA

The scope was initially constrained to providing assurance around the statutory children's social care responsibilities – this was aligned to the model of assurance undertaken in England from 2012. However, it was agreed in May 2015 that the ToA should take a more holistic view of risks and their mitigation to all statutory duties associated with the new service. Hence, the ToA aims to provide assurance on:

## Education and Children’s Services Test of Assurance Phase 1 Report

- ✓ how the statutory duties of the Director of Children’s Services and Director of Education are being met
- ✓ delegated decisions and any associated risks and how these will be managed
- ✓ the strengths and areas for future focus for the new service in terms of meeting and exceeding statutory duties and maximising the potential of a combined Education and Children’s team.
- ✓ input into Legal and Democratic Service’s ongoing review of the Council’s constitution, specifically around delegated accountabilities of key officers.

The key statutory instruments <sup>1</sup>which have informed the development of the ToA are listed below:

- “Statutory Guidance on the Role and Accountabilities of the Director of Social Services (Wales)” issued under Section 7 of the Local Authority Social Services Act 1970
- “Fulfilled Lives, Supportive Communities” 2007, a strategy for social services in Wales.
- Denbighshire County Council’s Constitution defines the delegation of responsibilities for senior officers and elected members. This is in line with the Local Government Act 2000 (Local Authority Constitution) (Wales)
- Social Services and Well-being (Wales) Act 2014
- Education (Wales) Act 2014
- Education Act (2002)

Further data sources are listed in **APPENDIX A**.

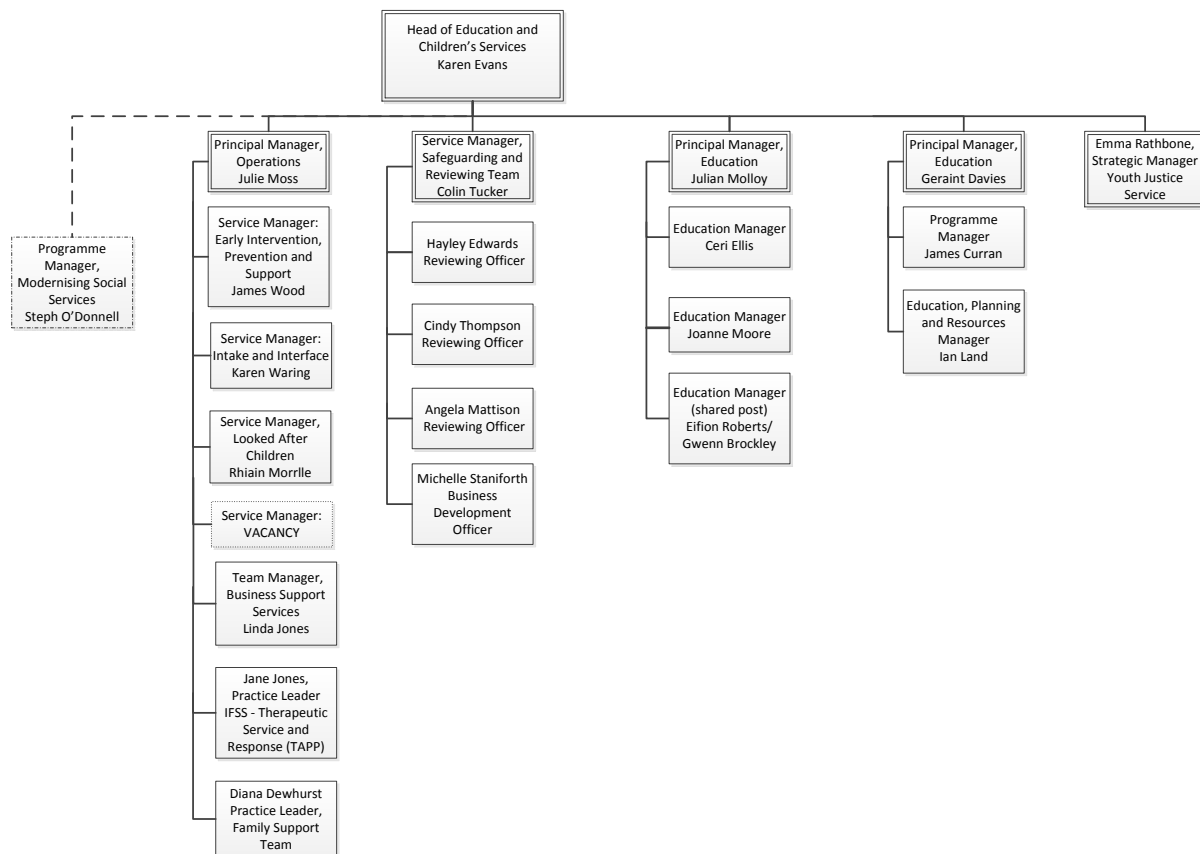
### 4.1 Organisation

The senior team structure for the new service has been agreed and consultation for the senior roles concluded on 4<sup>th</sup>. September, 2015. In December 2015 it was also agreed that additional responsibilities for the Modernising Schools programme and for school Admissions and Transport will transfer to the new service. The structure is illustrated below:

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<sup>1</sup> <http://gov.wales/docs/dhss/publications/090617guidancedirectorsocialservicesen.pdf>  
<http://www.legislation.gov.uk/ukpga/1970/42/section/7>  
<http://gov.wales/dhss/publications/socialcare/strategies/fulfilledlives/fulfilledlivese.pdf?lang=en>  
<https://www.denbighshire.gov.uk/en/your-council/about-the-council/council-constitution-dec-2014-en.pdf>  
[https://www.legislation.gov.uk/ukpga/2000/22/pdfs/ukpga\\_20000022\\_en.pdf](https://www.legislation.gov.uk/ukpga/2000/22/pdfs/ukpga_20000022_en.pdf)  
[http://www.legislation.gov.uk/anaw/2014/4/pdfs/anaw\\_20140004\\_en.pdf](http://www.legislation.gov.uk/anaw/2014/4/pdfs/anaw_20140004_en.pdf)  
[http://www.legislation.gov.uk/anaw/2014/5/pdfs/anaw\\_20140005\\_en.pdf](http://www.legislation.gov.uk/anaw/2014/5/pdfs/anaw_20140005_en.pdf)  
<http://www.legislation.gov.uk/ukpga/2002/32/contents>

# Education and Children's Services Test of Assurance Phase 1 Report



The ToA focuses on the delegated accountabilities associated with the senior roles.

## 5. Approach

The work has been managed as a workstream under the Service Transition project, “Joining Education and Children and Families services” (verto project PR004000). The workstream consists of the following phases:

- **Initiation phase** – agreement of methodology, reporting processes, timescales, and resources
- **Research phase** – consideration of both national and local contexts and collation of accountabilities for each senior role. Source data is listed in Appendix A.
- **Evaluation and reporting phase** - interviews and focus groups conducted, findings collated and analysed and themes identified. Final report drafted for management team. Also to review with both Lead Members. This process will inform plans for governance arrangements during Transition.
- **Interim Report** – to be reviewed at the joint management meeting in July or August
- **Input to development of Constitution** – engagement with Legal and Democratic Services to ensure the next iteration of the Council’s Constitution incorporates the appropriate delegated decisions and these are ratified by Legal experts
- **Phase 1- Report-** preparation and presentation of findings and any follow-on actions

## Education and Children's Services

### Test of Assurance Phase 1 Report

- **Phase 2** – running a ToA after 6 months' operation (Quarter 3, 2016/17) to address risks and identify any new risks and issues and their mitigation
- **Phase 3** – repeat the ToA after 18 months (Q3 2017/18) operation of the new service.

## 6. Phase 1 Findings

This section of the report summarises the Status, Findings and Recommendations from each of the following:

- Process of structured interviews with senior managers for Education and Children and Families Services and the Director, Communities
- Review of meetings attended by members of both management teams
- Review of the delegated decisions for both management teams.

### 6.1 Interviews

A series of interviews has been undertaken with Service Managers from both services, both Heads of Service and Legal representative. The aim being to gather feedback on statutory accountabilities, any risks and issues perceived with the joining of the two services related to each accountability and proposed risk mitigation.

#### 6.1.1 Status

From the desk top research undertaken in 2015 a set of questions was compiled to form the basis of interviews with key stakeholders. 12 Local Authorities in England were contacted and effort made to find their original analysis. In view of intellectual property of third parties, it was only feasible to gather background information from Poole and Bath. The aim of the interviews was to ascertain any key risk areas and recommend risk management approach. The interview questions and collated responses are included as **APPENDIX B**. The detail from each interview is available on request. The interviewees were also asked to comment on the matrix of delegated decisions (**Appendix D**) reviewed in section 6.3 of this report.

#### 6.1.2 Interview Findings – Key Points

- In bringing the 2 services together the main issue will be management capacity to shoulder the additional work where this is delegated from the new, broader Head of Service function. In view of this, an additional Principal Education Manager post has been agreed, with particular focus on the Welsh medium development, and a vacant Children's service manager post is being held open, should the additional capacity be needed and this resource can be used in a flexible way. There has also been a commitment not to reduce the financial resources at this point in time so contingency exists to deliver the services.

## Education and Children's Services

### Test of Assurance Phase 1 Report

- Line management accountability for safeguarding will sit alongside the new senior structure, reporting directly to the Head of Service, and acting as an independent quality assurance unit across Children's services. This will be directly accountable to the Head of Service and offers independence and an opportunity to extend the scope of work to Education.
- The structure also has accountability set out in relation to GWE to assure standards in Education at the Head of Service level and this will be reflected in the Constitution, performance management and governance arrangements. Within our statutory accountability we have a robust management structure enabling us to ensure GWE are fulfilling statutory functions on our behalf.
- Referral systems and threshold criteria are well understood in individual functional units. Task and Finish groups which took place over Summer 2015 helped share understanding of key areas amongst middle managers and enabled learning from best practice. In the context of changing policy and legislation in both parts of the new service, assessment and referral processes will need to be revisited as there may be longer term implications across the Board.
- There is no specific children's scrutiny committee. Nevertheless, issues are often fed into Performance, Communities and Partnerships or Corporate Governance committees, so scrutiny is in place. There is also a School Standards Monitoring group. At this stage it is not considered to be necessary by the senior management team to establish a discrete scrutiny body. This will be monitored and discussed with the Lead Member.
- There is a key role in Children's services of Adoption Decision Maker (ADM) and there has been some discussion over the required level and type of qualification and experience to perform this role. The current Head of Children and Families services acts as ADM for adoption and ADM for fostering and meets with the Agency Advisor to Panel to discuss recommendations made by fostering panel and given final decision as ADM.

There is no legislation which mandates that the ADM be a qualified Social Worker. Guidance from BAAF<sup>2</sup> states that, 'The Welsh Regulations, guidance and NMS do not set out any minimum qualifications or experiences needed in order to take on the function of the ADM. However, it is the accepted practice that the ADM is a senior manager with significant child care experience and adoption experience. The Welsh National Minimum Standards for Local Authority Adoption Services for Wales, Standard 10<sup>3</sup>, sets out the skills required to carry on or manage an adoption service, which may provide a bench mark for the minimum required of an ADM.' The skills outlined in standard 10 are: a social work qualification, NVQ level 4, and at least 5 years' experience in child care and adoption.

The role could be taken by the new Head of Service or delegated to the Principal Operations Manager Children's services. It should be noted that an agency can appoint more than one ADM but that the role can't be delegated from one person to

<sup>2</sup> <http://www.baaf.org.uk/res/fostering-and-adoption-regulations-guidance>

<sup>3</sup> <http://gov.wales/topics/health/publications/socialcare/guidance1/adoptionagencies/?lang=e>

## Education and Children's Services

### Test of Assurance Phase 1 Report

another. The senior team determined that the designated ADM for Adoption and Fostering will be the Principal Manager, Children's Services.

- Engaging with children in terms of taking ownership of the offer for them is an improvement area for Children's services identified at the last CSSIW report. This is being actively progressed through the service business plan and focus will be maintained on this area under the new joint service business plan going forward.
- Performance is regularly reviewed at Management Team meetings and also through the service challenge process and performance scrutiny. There exist rigorous systems for monitoring and making performance accountable.
- There is a need for Professional supervision in social care and this is monitored by CSSIW. The new Head of Service is already supporting professional development of her senior team in Education and the ongoing development of senior managers will be a high priority for the new service. Other routes, such as membership of ADSS Cymru, will be explored for enhanced professional development.
- The Head of Education is the designated statutory officer for Education and this needs to be reflected in the Constitution.
- Partnership meetings are key to ongoing development of Children's services in collaboration with partner organisations. The schedule of meetings (**see Appendix C**) to be reviewed in detail at the first joint management meeting in October 2015.

#### 6.1.3 Recommended Follow-On Actions

Following handover of responsibilities and publication of this ToA, the following open actions will still need to be taken forward:

- Management capacity to take on the new accountabilities needs to be considered at every performance review and in management meetings and added to the service business plan's risk register.
  - Review of the structure and capacity issues to be undertaken before end of Quarter 2 of 2016/17 to inform the budget setting discussions and its viability re-assessed
- Professional development of senior team to be reviewed as a regular agenda item at the new management meetings

## 6.2 Meetings attended by Managers

The senior management team in both services was asked to compile a list of all meetings attended. The findings are included as **Appendix C** of this report. This data will be:

- used by management to inform decisions about delegation of meetings attended by the existing Heads of service after job slotting and KE to reflect whether we should actually hold the meetings

## Education and Children’s Services

### Test of Assurance Phase 1 Report

- used by the new Head of service and her team to, in turn, inform changes to delegated decisions for key members of the senior team which will be fed through to Legal for updates to the Constitution
- Considered by the whole senior team in terms of their capacity to attend all meetings and to inform decisions about priority committees.

#### 6.2.1 Status

The meetings schedule in Appendix C reflects the current picture and recommended handovers. There is a need to review the recommendations and agree a course of action and a requirement to determine which existing Education meetings should be delegated to allow capacity for the Head of Service to take on new accountabilities.

#### 6.2.2 Meeting Hand-overs

The following changes to meeting attendance have been made:

- The following meetings, which were formerly attended by Head of Children and Families services, to be attended by the new Head of Education and Children’s Services: AWHOCS; Partnership Friday; Children and Young People’s Partnership Board; Children in Wales; Corporate Parenting Forum; Corporate Safeguarding Panel; (PICA and POMB as requested)
- The Principal Manager, Children’s Services to be accountable for the following: Adoption ADM; Fostering ADM; Should Be Placed meeting; Families First Project Board; Families First Strategic Group; Flying Start Strategic group; Joint Commissioning Panel; Joint Children’s strategic task Group; LFJB; MSSEW Board; N Wales family Support Group. Some meetings may be delegated to the Service Manager, Early Intervention and Strategy.
- The following to be attended by the Safeguarding Manager: Conwy and Denbighshire Youth Justice Board; Community Safety Strategic Steering Group; MARAC Steering Group; RSCB.

#### 6.2.3 Recommended Follow-On Actions

The following tasks to be completed:

- Ongoing review of capacity of senior roles in light of additional accountabilities and meeting commitment. Risk identified (see Section 7) to be monitored via service business planning.

### 6.3 Delegated Decisions



## Education and Children's Services Test of Assurance Phase 1 Report

As part of the desk-top research for the project, statutory duties were compiled and reviewed with senior managers and the findings collated and shared with Legal. See **APPENDIX D**.

### 6.3.1 Status

The senior management team will meet with an officer from Democratic and Legal services in October 2015 and reviewed delegated accountabilities for the revision of the current Constitution.

### 6.3.2 Recommendations

- The HoS' accountabilities will be reviewed on an ongoing basis through scrutiny and performance review processes and will also be subject to a Phase 2 ToA in Quarter 3 of 2016/17.

## 7. Risks

The table on the following page summarises the risks associated with the transition to the new service and their mitigating actions. These should be reviewed by senior management and appended to corporate Risk Register where necessary.

### Risk Register – Key to Criteria (from Business Improvement and Modernisation service)

The above risk management matrix is the corporate standard, from BIM. This enables us to highlight the inherent risk if no mitigating actions are taken and the Residual Risk – i.e. the risk once mitigating actions have been taken.

## Education and Children's Services Test of Assurance Phase 1 Report

LIKELIHOOD	Event is almost certain to occur in most circumstances	>70%	Almost Certain	A					
	Event likely to occur in most circumstances	30-70%	Likely	B					
	Event will possibly occur at some time	10-30%	Possible	C					
	Event unlikely and may occur at some time	1-10%	Unlikely	D					
	Event rare and may occur only in exceptional circumstances	<1%	Rare	E					
					5	4	3	2	1
					Very Low	Low	Medium	High	Very High
Time	Insignificant increase to project time. Barely noticeable impact on project scope or objectives	<5% increase to project time. Minor impact on project scope or objectives	5% - 20% increase to project time. Major impact on project scope or objectives requiring sponsor approval	20% - 50% increase to project time. Impact on project scope or objectives unacceptable to sponsor	>50% increase to project time. Project fails to meet objectives or scope				
Service Performance	Minor errors or disruption	Some disruption to activities/	Disruption to core activities/ customers	Significant disruption to core activities.	Unable to delivery core activities. Strategic				

**Education and Children’s Services**  
**Test of Assurance Phase 1 Report**  
 Risk Matrix

No.	Date raised/by	Description/Mitigation	Action Owner	Inherent		Residual	
				Prob	Impact	Prob	Impact
001	Management Team workshop 17.03.2015	<p>By joining the two services, the workload of the HoS increases significantly, necessitating a higher level of autonomy and delegated accountability for middle managers. There is a risk of an impact on service delivery as the senior leadership team may find themselves more stretched.</p> <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• The Head of Service has a responsibility to ensure the delegations are effectively managed and is committed to this</li> <li>• Review delegated accountabilities and meeting matrix with managers and ensure clarity of ownership</li> <li>• Ensure this is reviewed at all senior management meetings and supervisory reviews</li> <li>• Retain a service manager vacancy and review the requirement to fill the role at 6 months and again at 18 months when the ToA is repeated</li> <li>• Fill an additional Education Manager role, as agreed with the CEO, to offer additional capacity and a focus on Welsh language</li> </ul>	Karen Evans	C	2	D	3
002	Leighton Rees 01.09.2015	<p>There is a risk that the development and implementation of a strategic vision for Children’s social care could be jeopardised by not having specialist expertise at HoS level. If Middle Managers are in part accountable for the vision and its implementation, the operational demands of delivering the service may take precedence and the vision become less robust.</p> <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• The HoS for the new service has a significant experience in Education and the transition to managing children’s social care will be informed and influenced by that specialism and knowledge of working with children and young people and related statute</li> </ul>	Nicola Stubbins	D	3	D	4

## Education and Children's Services Test of Assurance Phase 1 Report

No.	Date raised/by	Description/Mitigation	Action Owner	Inherent		Residual	
				Prob	Impact	Prob	Impact
		<ul style="list-style-type: none"> <li>The regional and national meetings will support the new HoS in developing the vision for the service</li> <li>Middle Managers will contribute towards the development and implementation of the vision. Final accountability will rest with the HoS</li> <li>The robustness of the arrangement will be validated and tested on an ongoing basis through scrutiny and performance management</li> <li>Test of Assurance is planned at 6 months and 18 months into the process</li> </ul>					
003	Julian Molloy 22/09/15	<p>There is a risk that the migration to the new service becomes a distraction so standards in school drop.</p> <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>Clear planning</li> <li>Clarity of roles and Job outlines</li> <li>Making sure that we manage the new teams effectively and make the service better with less resource.</li> <li>Be mindful that overall the transition to a new joined-up service must have a positive impact on children.</li> </ul>	Karen Evans	D	3	D	4

**8. Outstanding Actions to Complete Phase 1**

- Feed follow-on actions and risks into the service business planning process
- Consideration to be given by whole management team to their capacity for all meetings through regular management meetings
- Feed agreed recommendations into review of the Council's Constitution, September 2015
- Book follow up reviews at 6 and 18 months in.

## APPENDIX A: Source Data

The exercise has used the following, key sources of information to inform assessment:

- The Legislation listed in Section 4 of this Document<sup>4</sup>
- BAAF guidance and Adoption Agency guidance for Wales referenced under Section 6 of this document, Findings<sup>5</sup>
- Denbighshire County Council's Constitution, at May 2015
- CEO's consultation document, explaining the rationale behind organisational structure changes at Tier 1 and Tier 2
- CEO's post consultation document
- New organisation chart published for consultation August 2015
- Summary of Statutory responsibilities of Director of Social services
- Output from interviews with managers and staff from both services
  - Director of Social Services
  - CEO
  - Head of Children's Services
  - Service Managers, Children and Families Service
  - Education Managers
- Access to senior management through regular meetings (4/3/15, 15/4/15, 19/5/15, 2/6/15)
- Discussions between Director, Communities, Head of Education and Children's services and Lead Members for Social Care and Education

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<sup>4</sup> <http://gov.wales/docs/dhss/publications/090617guidancedirectorsocialservicesen.pdf>  
<http://www.legislation.gov.uk/ukpga/1970/42/section/7>  
<http://gov.wales/dhss/publications/socialcare/strategies/fulfilledlives/fulfilledlivese.pdf?lang=en>  
<https://www.denbighshire.gov.uk/en/your-council/about-the-council/council-constitution-dec-2014-en.pdf>  
[https://www.legislation.gov.uk/ukpga/2000/22/pdfs/ukpga\\_20000022\\_en.pdf](https://www.legislation.gov.uk/ukpga/2000/22/pdfs/ukpga_20000022_en.pdf)  
[http://www.legislation.gov.uk/anaw/2014/4/pdfs/anaw\\_20140004\\_en.pdf](http://www.legislation.gov.uk/anaw/2014/4/pdfs/anaw_20140004_en.pdf)  
[http://www.legislation.gov.uk/anaw/2014/5/pdfs/anaw\\_20140005\\_en.pdf](http://www.legislation.gov.uk/anaw/2014/5/pdfs/anaw_20140005_en.pdf)  
<http://www.legislation.gov.uk/ukpga/2002/32/contents>

<sup>5</sup> <http://www.baaf.org.uk/res/fostering-and-adoption-regulations-guidance>  
<http://gov.wales/topics/health/publications/socialcare/guidance1/adoptionagencies/?lang=e>

## Education and Children's Services Test of Assurance Phase 1 Report

### APPENDIX B: Interview Script and Consolidated comments

#### Local Context

Denbighshire County Council (DCC) is planning to implement new management arrangements from April 2016 creating a People and Communities Directorate organised on a commissioner/provider structure and bringing together Children and Families and Educations services under a single Head of service for Education and Children's services.

In running this Local Test of Assurance Test (ToA) DCC prepared a specification that set out a process of individual and focus group interviews to test staff understanding of the structures and lines of management accountability.

#### Assurance parameter 1

Clarity about how senior management arrangements ensure that the safety and the educational, social and emotional needs of children and young people are given due priority and how they enable staff to help the Local Authority discharge its statutory duties in an integrated and coherent way.

In order to test this parameter questions were framed to check whether:

1.1 Line management and accountability arrangements for safeguarding and the promotion of improved outcomes for children and young people are clear and transparent?

Q1 What are the line management accountability arrangements for safeguarding Children and Young People?

A:

- KE has developed a senior management structure and mapping across both Education and social care. In terms of delegation offers clarity of role. Identified officer by function. Clear lines of accountability. Safeguarding sit as independent QA unit across the whole structure and directly accountable to HoS. This will deliver quality assurance across WHOLE service.
- GWE role - KE to show how GWE is linked to the whole model.
- If can get structure right and agreed this leaves lines of accountability as they are in terms of Children's SW operational roles.
- Lines may change when the new structure is bedded in.
- The corporate accountability for safeguarding rests with the Director, Communities.

1.2. Do staff understand and can they articulate the line of accountability and know where in the management team to go with a concern about safeguarding, unsafe practice and 'whistle blowing'.

A:

- Safeguarding is a direct report to Head of Service, emphasising the importance of the function and significant effort continues to go into developing corporate

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safeguarding procedures. The manager is engaging with all services, including HR to feed into corporate policies.

- Internal Audit report just published. Follow up. Nicola will send.

#### Q1 How do staff know who is accountable for safeguarding?

A:

- HR Policies – intranet

#### Q2 How do staff know who to ask and how to raise safeguarding issues?

A:

- Intranet pages to ensure policies clear and easily accessible are being developed by Gareth Watson, as part of his role for corporate safeguarding group.

1.3 Has the integrity and coherence of the structure been 'tested' to ensure fitness for purpose? How?

A:

- The new management organisation structure has been issued for consultation for 5 weeks and feedback is being consolidated. This consultation was with officers in scope, unions and elected members. Some changes have already been made - for example, job titles. This has been a rigorous consultation to test with management teams and unions.
- Schedule of accountabilities has been reviewed as part of ToA
- Elements of the Service Manager, Safeguarding role will assure coherence and ability to deliver on ongoing basis.

## 8. Assurance parameter 2

Clarity about how the Local Authority intends to discharge its children's services functions and be held accountable for them from political, professional legal and corporate perspectives (including where, for example, services are commissioned from external providers or mutualised in an arm's length company).

In order to test this parameter questions were framed to check whether:

2.1 The means by which the LA intends to deliver its Children's Services functions are clear and understood by staff, councillors and partners. In particular;

#### Q1 What are the core accountabilities of Children's services? And who is accountable for delivery?

A: The ToA has undertaken a full review of statutory accountabilities, with Legal and Democratic services, to ensure our constitution is robust. This is being reviewed by senior job holders and HR.

#### Q2 How do staff understand these?

A:

- Consultation process
- Job matching and new job outlines
- Ongoing cascade of communication planned commencing Quarter 3 2015/16



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- Plan for follow up survey of staff in January 2016 to gauge understanding and buy-in

#### Q3 How do councillors understand these?

A:

- Initial engagement at Council briefing
- Ongoing engagement through HoS, Corporate Director and Lead Member
- Corporate Director and HoS attending MAG meetings in September/October

#### Q4 How do partners understand these?

A:

- Communicated by email with key partner organisations.
- Draft 1.0 ToA shared with regulators (CSSIW and Estyn) and comments invited

### 2.2 Are delivery structures clear and coherent?

#### Q1 Can you share with me how the organisation structure supports this delivery?

A:

- Delegated accountabilities and meeting attendance have been reviewed and clearly allocated to minimise impact on senior team's capacity
- An additional role of Principal Manager, Education is being recruited to bolster capacity and support to the HoS
- A service Manager Vacancy in Children's services will be kept open to enable capacity should this be needed

### 2.3 Are referral systems, threshold criteria etc understood by staff and partners?

A:

- We have body of evidence for assessment and eligibility. New post is front door for this – covers both. Plus statementing process as is (statutory) is well understood by Education colleagues.

### 2.4 Key relationships and processes for safeguarding, child protection and CIN are understood and implemented effectively

#### Q1 Explain the difference – SG, CP and CIN and how the relationships are understood and promoted?

A:

- Fully understood by Social care staff and adhering to Framework for Assessment
- Joint Task and Finish Group for Safeguarding is sharing understanding of processes
- Policy documents are stored on the CS Common shared drive and are available for public viewing via the Intranet. The policies around assessment and eligibility are being reviewed in line with the SSWB Act

### 2.5 How children's services functions are reported and held accountable by the corporate organisation and the democratic structure

A:

- Other elements of the Test of Assurance and the parallel review of Council Constitution underpin this.

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- We do have Lead Member (LM) for Education, LM for social care and LM for development of the new service (also Leader of the Council) and will revisit the arrangements post transition.
- Scrutiny and that level of accountability – there isn’t a specific Children’s scrutiny. Depending on the issue, 3 committees could be addressed. Director is reviewing.

2.6 How the LA requirement for safeguarding standards and practices are articulated, evidenced and implemented in commissioned and arms’ length services

A:

- Corporate safeguarding panel
- Key role of IROs
- Within Commissioning strategy
- There are no services on Education side except GWE. If Safeguarding Manager is performing an independent role should this also incorporate GWE? Opportunity?
- Regional commissioning also picks up and there is potential for joint commissioning with Health.

#### 9. Assurance parameter 3

The seniority of and breadth of responsibilities allocated to individual post holders and how this impacts on their ability to undertake those responsibilities (especially where a local authority is considering allocating any additional functions to the DCS and LMCS posts); In order to test this parameter, questions were framed to check

3.1 Does the management structure recognise and allocate capacity to the key functions of the DCS/LMCS to ensure these can be effectively managed?

A:

- We are **not** taking capacity out – the structure reflects capacity levels required and an additional Education Lead post to focus on Welsh language.
- We will hold one vacant service manager post in social care whilst the new structure beds in and review the requirement after 6 and 18 months’ operation.
- We have retained an ability to flex if needed.
- Have validated statutory requirements for ADM for Adoption and for fostering and this can be filled by the new HoS.

3.2 Where key functions are delegated, is the scope of delegation clear and does the relevant post holder hold the appropriate level of seniority both for the department and corporately?

Q1 Where are key functions delegated? How effective is this?

A:

- See Consultation document
- ToA process incorporates review of delegated accountabilities (See Appendices D, E) which will inform development of the Constitution

Q2 What are the risks when we implement the new structure?

A:

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- See Risk Matrix in Part 4 of the Test of Assurance Phase 1 Report to Heads of Service and Director, Communities.

#### 10. Assurance parameter 4

The involvement and experiences of children and young people in relation to local services

In order to test this parameter, questions were framed to check whether:

4.1 The voices of children, young people and families inform and influence policymaking and priorities?

Q1 How do you engage CYP and families in strategy and policy making currently?

A:

- The Voice of the Child project is running in Children and Families services. This was identified in improvement report so should develop.
- Education has been addressing CYP participation for some years. Could tighten from Estyn perspective.
- Education is making an appointment to this post for Education – possibility that this role can work together with VoC project and share learning and good practice. Engagement at all levels.
- Education seems stronger on the consultation groups and forums and C&F services more on 121 basis. How do we share best practice and develop this area jointly.
- Harness new technologies – e.g. C&F services has Facebook page.

Q2 What risks are associated with the new structure in this respect?

A:

- Not a risk but an opportunity for joint working to develop capability across the new service.

4.2 Does the DCS meet young people?

A:

- Yes, but not formally often enough. HoS Education does. Has met Leaving care group and LAC kids party as and where.

#### 11. Assurance parameter 5

Clarity about child protection systems, ensuring that professional leadership and practice is robust and can be challenged on a regular basis, including an appropriate focus on offering early help and working with other agencies in doing so

In order to test this parameter questions were framed to check whether:

5.1 Operational practice and management systems are clear understood and implemented, for example-Are Timescales adhered to?

Q1 What procedures are in place to manage Child Protection?

A:

- Qualitative as well as PIs – will be in lines of accountability that drop out of the stricture.
- All performance appraisals.

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- Professional supervision in social care – case management.
- Colin's work QAs that supervision.
- CFMT standing items ref performance – CT drilling to understand.
- Quarterly CSSIW meetings to monitor.

5.2 Is supervision effective?

A: Yes, according to managers interviewed. Follows corporate processes.

5.3 Is there routine line management and quality assurance of practice and decision making?

A:

- New QA framework and role of IROs in children's services
- Bolstering senior management capacity in Education to take account of delivery from GWE

5.4 Is there a clear offer of early help?

A:

- The proof will be once roles are established and going forward.
- For post transition.
- Some will have to be operated within the grant arrangements, e.g. Families First; Flying Start.

## 12. Assurance parameter 6

The adequacy and effectiveness of local partnership arrangements (e.g the local authority's relationship with schools, the courts, children's trust cooperation arrangements, Community Safety Partnerships, Health and Wellbeing Boards, Youth Offending Team Partnerships, police, probation, Multi-Agency Public Protection arrangements and Multi-Agency Risk Assessment Conferences) and their respective accountabilities.

We don't have children's trust but CYP Partnership.

In order to test this parameter questions were framed to test:

6.1 Is the LSCB effective and authoritative with structures that are fit for purpose including effective sub committees, performance management, audit and QA arrangements?

A:

- Early days for Regional and local one is building on what was the LSCB and finding feet.
- Will be subject to changes from the Act. Director Communities attends Regional Board with HoS and HoS then deputises on occasion.
- HoS Education had started to attend some Boards in place of former Director Education. The full set of accountabilities needs to be reviewed under the ToA

6.2 Do statutory and voluntary sector agencies contribute sufficient professional time and resource to LSCB and sub committees?

A:

- Key role in Partnership Board, delivering the Wellbeing Plan for Denbighshire,

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- Active engagement through Inclusion project with third and independent sectors

6.3 How does LSCB report on its work and findings to the LA and statutory agencies?

A:

- Regional NWSSIC Programme Manager, Bethan Jones Edwards – contact for safeguarding C Board Manager and terms of reference schedules of meetings etc, structure and memberships.

6.4 How are Children's Services involved in MAPPA and MARAC?

A:

- Service Manager Intake and Interface, Karen Waring.

6.6 How are partnership arrangements led and developed to ensure focus and coherence?

A:

- Include ADSS Cymru, NWSSIC and AWHOCS.
- NWSSIC includes a number of workstreams at Strategic Director and Heads of Service level
- Social care – policy push to work on regional footprint. Don't field one per authority unless we have to. BUT if representing then representation is for all N. Wales at national level.
- Partnership Friday each month. 3 meetings concurrently. Then break and have all business in the afternoon. Try to take common agendas in the afternoon.
- All Wales twice per year. More selective in that respect.

### 13. Further Comments and feedback

- Revisit as we start to implement the structure and get more information about the meeting structures.
- Option to build into service challenge in future.
- Benchmark as service goes live.
- Baseline and set half day workshop in 6 months with senior team. Then someone from that team, to facilitate with the managers.

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#### APPENDIX C: Meeting Commitment

The table below shows the meetings formerly attended by the Head of Children and Families services and the Managers who will be responsible for these meetings in future. A full list of all management meetings has also been handed over to service business support.

Meetings attended by Former Head of Children and Families Services		
Meeting Title	New Attendee	Other attendees from E&C services
All Wales Heads of Children's Services (AWHOCS)	Karen Evans	Julie Moss (in KE absence)
Adoption Agency Decision Maker Meeting	Julie Moss	
Conwy & Denbighshire Safeguarding Delivery	Karen Evans (already attends) - joint chair with Kate Devenport (CCBC)	Julie Moss; Colin Tucker
Conwy & Denbighshire Youth Justice Board	Emma Rathbone	
Children & Young People's Partnership	Not replacing (Jo Moore chairs).	James Wood
CAMHS/CS	Chaired by Julie Moss or Peter Gore Rees.	Julie Moss; Colin Tucker; Karen Waring; Rhian Morrle
Children In Wales	Keep flexible	
Community Safety Strategic Steering Group	Not running (was previously organised by Ken Finch, CCBC)	
Corporate Parenting Forum	Karen Evans (already attends)	Julie Moss, Rhian Morrle
Corporate Safeguarding Panel	Karen Evans (already attends)	Colin Tucker
FF Project Board	James Wood	Jan Jukes Hughes
FF Steering Group	James Wood	Jan Jukes Hughes
FF Strategic	James Wood	Jan Jukes Hughes
JCP (Joint Commissioning Panel)	Karen Evans joint chair with Sue Willis (BCU)	Julie Moss, Rhian Morrle; Jil Timothy
LFJB	Julie Moss	
Implementing the Act Board	Karen Evans	Julie Moss; James Wood; Steph O'Donnell
NW Family Support group	James Wood	Jan Jukes Hughes
NWLFJB	Julie Moss	
Partnership Friday (NWHOCS)	Karen Evans	Nicola Stubbins, Phil Gilroy
PICA	Julie Moss	All service managers (Karen Evans as and when)
RSCB	Nicola Stubbins	
Should be placed	Julie Moss	
SLT	Karen Evans	Julie Moss (in KE absence)

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**APPENDIX D: Delegated Accountabilities**

<b>1. Accountabilities for the Director of Social Services</b>	
The list below is summarised from “Code of Practice on the Role of Directors of Social Services” under Part 8 (Social Services Functions) of the Social Services and Well-being (Wales) Act 2014 issued under section 145 of the Social Services and Well-being (Wales) Act 2014	
1.1	The director of social services must have a sufficient level of seniority to discharge the authority’s social services functions and deliver their accountabilities.
1.2	The director of social services must always be a member of the corporate management team and have direct access, and directly report to, the head of paid service and councillors
1.3	The director of social services must contribute to the vision and direction of the council and ensure services seek to promote the well-being of people with care and support needs
1.4	The director of social services must report directly to the head of paid service.
1.5	The relationship between the head of paid service and the director of social services must be underpinned in governance and delegation documents that should be subject to periodic review
1.6	The director of social services has a responsibility to ensure councillors have clear advice on the level of resources required for a local authority to effectively deliver its social services functions
1.7	The director of social services is accountable for the effective delivery of the local authority’s social services functions and must have regard to the duties under Part 2 of the Social Services and Well-being (Wales) Act 2014 in relation to how the local authority exercises all its social services functions
1.8	The director of social services must raise awareness of their role amongst councillors including in relation to the production of the annual report. The director of social services must ensure that there are clear commitments setting out what information councillors should expect to receive in relation to both the discharge of specific social services functions and wider activities to promote the well-being of people with care and support needs.
1.9	The director of social services must ensure the head of paid service, executive and councillors have access to the best, up-to-date professional advice and information on all aspects of care and support services
1.10	The director of social services must assure the head of paid service and councillors that statutory functions laid on the authority have been carried out, and that proper management information and accurate records are being kept;
1.11	The director of social services must identify and advise councillors on priorities, challenges and risks across all aspects of social services, including circumstances where staffing issues affect the Council’s ability to discharge its statutory responsibilities;
1.12	The director of social services must brief the head of paid service and councillors on high-profile cases and other matters likely to cause public concern

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1. Accountabilities for the Director of Social Services	
1.13	The director of social services must advise councillors on strategies for improving methods of intervention, service provision, practice and use of resources.
1.14	The director of social services must lead and support continuous engagement and co-operation with inspectorates by all local authority officers in relation to the preparation and undertaking of any performance reviews of local authority social services functions, as well as any other care and support services provided in the local authority area
1.15	The director of social services must report to the council on the detail any inspection report on the performance of the local authority social services. This must include setting out what appropriate action is taken to improve services that promote the well-being of people with care and support needs, or prevent or delay the development of such needs in response to that report
1.16	The director of social services must lead on the development of effective arrangements to promote co-operation and should ensure that any problems of inter-agency co-operation and gaps between services are identified and resolved
1.17	The person appointed as director of social services, or a nominated representative, must be a member of the Regional Partnership Board. The director of social services must ensure their respective Regional Partnership Boards facilitate and promote co-operation to improve the wellbeing of people who need care and support including carers who need support (Part 9)
1.18	The director of social services must ensure that the local authorities and partners develop a strategic approach to prevention. The director of social services must ensure that preventative services are provided or arranged specifically to address the care and support needs identified by the population assessment
1.19	The director of social services must ensure that, in identifying the range and level of services required to respond to care and support needs identified by the population assessment, a co-operative approach to the planning, development, procurement and delivery of services is taken
1.20	The director of social service must ensure the effectiveness of information, advice and assistance services in supporting people to achieve their well-being outcomes
1.21	The director of social services must show leadership to ensure effective safeguarding arrangements are in place both within the local authority and by relevant partners
1.22	The director of social services must oversee and report to councillors, on a consistent basis, regarding the operation, monitoring and improvement of child and adult safeguarding systems within the local authority
1.23	Defined arrangements with other officers within the local authority, particularly the head of adult services and head of children services must be clear in relation to delegation and reporting arrangements related to safeguarding issues
1.24	The director of social services must support effective partnership working and ensure safeguarding duties are effectively discharged collaboratively by Safeguarding Boards.
1.25	The director of social services must provide leadership and demonstrate a strategy to manage risk confidently and effectively cooperate with the full range of partners to work with families at the 'edge of care', making sure that needs are accurately assessed and met, so that only the right children are accommodated at the right time
1.26	The director of social services must ensure strategic arrangements are in place to provide for co-operation across the local authority and with partners for effective provision of care and support services for all Looked After Children



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1. Accountabilities for the Director of Social Services	
1.27	The director of social services has a strategic leadership role to ensure high standards across the whole social care workforce, including the public and independent sectors. The director must ensure a whole sector workforce plan is in place
1.28	The director of social services should promote collaborative workforce learning through networks and relationships with other bodies including education and training providers
1.29	The director of social services must ensure the local authority has overarching personnel and safe recruitment policies supporting the requirements for a social care workforce to provide effective care and support services
1.30	The director of social services must advise councillors, partners and other providers where workforce shortfalls inhibit the local authority's capacity to discharge statutory responsibilities and set out actions necessary to rectify these issues
1.31	The director of social services must prepare and publish an annual report about the exercise of the local authority's social services functions. To ensure effective accountability, the annual report must be presented to the council by the director of social services
1.32	The individual designated as the director of social services may simultaneously undertake other roles within the local authority, including lead director for children and young people. The lead director for children and young people's services role is to co-ordinate and oversee arrangements to improve the well-being of children in the local authority area
1.33	Whilst responsibility for the delivery of certain social services functions may, for example, be placed with heads of services for adults and heads of service for children and families, accountability for these functions still rests with the director of social services

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2. Accountabilities, Director Lifelong Learning (Delegated to Head of Education and Children's services)	
<b>2.1</b>	The making of arrangements in relation to appeals against the exclusion of pupils in maintained schools under Section 52 of the Education Act 2002.
<b>2.2</b>	The making of arrangements pursuant to Section 94(1), (1A) and (4) of, and Schedule 24 to, the School Standards and Framework Act 1998 (admission appeals)
<b>2.3</b>	The making of arrangements pursuant to Section 95(2) of the School Standards and Framework Act 1998 (Children to whom Section 87 applies: appeals by governing bodies).
<b>2.4</b>	To act as the Statutory Director of Education appointed under s.532 of the Education Act 1996 or any re-enactment of that provision.
<b>2.5</b>	The strategic and operational management responsibility for Education services is delegated to the Corporate Director (Learning and Communities) as the Statutory Director.
<b>2.6</b>	As Statutory Director to maintain an overview of the full range of education services within the Authority and as the Officer responsible for the quality of services provided to fulfil the authority's education functions.
<b>2.7</b>	As Statutory Director to report to the Cabinet, Lead Members and Scrutiny and other relevant Committees in relation to the planning, delivery and performance of the Councils Education functions and be accountable for the oversight and co-ordination of such functions.
<b>2.8</b>	To be responsible for the reporting and communicating directly with the Welsh Government and (Estyn) on education matters and the development and maintenance of productive relationships with other related sectors and agencies.
<b>2.9</b>	To act as an Authorised Officer under the Regulation of Investigatory Powers Act 2000.
<b>2.10</b>	To keep the Statutory Director of Social Services apprised of key corporate decisions/actions which will impact or have possible implications for their Statutory Officer role.
<b>2.11</b>	Jointly with the Head of School Improvement and Inclusion, to grant and revoke licences to children of compulsory school age regarding child performances in accordance with the Children and Young Persons Act 1963 and the Children's (Performance) Regulations 1968 and any statutory modification thereof.
<b>2.12</b>	To supervise, prohibit and/or restrict the employment of children of compulsory school age pursuant to the Education Act 1996.

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2. Accountabilities, Director Lifelong Learning (Delegated to Head of Education and Children's services)	
<b>2.13</b>	<p>To act as the Statutory Lead Director for Children and Young People's Services under s.27 of the Children Act 2004.</p> <p>- As Statutory Lead Director for Children and Young People to maintain an overview of the full range of children and young peoples' services and activities within the Authority and as the Officer responsible for the quality of services provided to fulfil the authority function including the following core responsibilities</p> <ul style="list-style-type: none"> <li>• Ensuring effective cross sector partnership arrangements to improve the wellbeing of children and young people.</li> </ul> <p>As an LSB Member.</p> <ul style="list-style-type: none"> <li>• Ensuring planning for children, young people and their families is seen as a corporate and cross sector activity embedded in the achievement of agreed corporate and public sector priorities.</li> <li>• Ensuring planning is increasingly harmonized across North Wales, in conjunction with other Lead Directors.</li> </ul> <p>Production and publication of children and young people's plan.</p> <ul style="list-style-type: none"> <li>• Ensuring Denbighshire's Big Plan meets statutory requirements relating to children and young people's planning.</li> </ul> <p>Clear governance arrangements for partnership planning, a focus on outcome measures and regular performance management.</p> <ul style="list-style-type: none"> <li>• Ensuring effective mechanisms are in place to deliver jointly agreed outcomes for children and young people.</li> <li>• Leading the inspection processes relating to Children and Young Peoples' Partnership activity.</li> </ul> <p>Attention to implementation of the UN Convention on the Rights of the Child</p> <ul style="list-style-type: none"> <li>• Championing children's rights across the Council, including the right of children and young people to have their voices heard.</li> <li>• Ensuring that the participation of children and young people is embedded in formal and informal education settings.</li> </ul>
<b>2.14</b>	Jointly with the Head of Finance and Assets, to suspend the right of the governing body to have a delegated budget in circumstances permitted by the legislation.
<b>2.15</b>	In consultation with the Head of School Improvement and Inclusion, to monitor and evaluate the performance of schools.
<b>2.16</b>	To deal with nominations for Local Education Authority governors, making an appointment in instances where a single suitable nomination is received for any vacancy or otherwise reporting to the Cabinet (or Lead Member as appropriate) for determination and appointment.
<b>2.17</b>	To establish temporary governing bodies.
<b>2.18</b>	To make necessary arrangements for the election of parent governors, teacher and staff governors and to determine any questions arising from the election process.
<b>2.19</b>	To consider any resolutions sent to him/her from an annual parents meeting and to respond accordingly.
<b>2.20</b>	To manage governor training.

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2. Accountabilities, Director Lifelong Learning (Delegated to Head of Education and Children's services)	
<b>2.21</b>	To act on behalf of the Local Education Authority in any consultations initiated by the governors of any school, in relation to the times of school sessions and, if he/she considered it appropriate to do so, to require the governors to include his/her written comments on the proposals in the next governors' report to be prepared by the governors.
<b>2.22</b>	To determine and deal with all arrangements for the admission of pupils to community and voluntary controlled schools in accordance with the Council's policy, including authority to:- <ul style="list-style-type: none"> <li>• publicise information for parents of admission arrangements.</li> <li>• comply with parental preferences, with certain exceptions.</li> <li>• determine allocations of pupils to community and voluntary controlled primary and secondary schools, subject to the parental right of appeal.</li> </ul>
<b>2.23</b>	To make arrangements to enable parents to appeal against decisions regarding admissions.
<b>2.24</b>	To appear or make written representations on behalf of the Authority in any appeal against a refusal to admit.
<b>2.25</b>	To respond to changes in pupil numbers by making appropriate accommodation available.
<b>2.26</b>	Subject to such determination being in accordance with an approved plan or policy, to determine whether to publish any statutory notices (other than in respect of closure of schools) and to take action on advertised proposals in light of any representations received and also to determine the Authority's decision in respect of school organisational proposals and school closure proposals in respect of which either there has been no objections or any objections received have been resolved.
<b>2.27</b>	To undertake any inspections, interviews, investigations, seizures, services of notices, notifications, authorisations, registrations and legal proceedings as are within the purview of the department under the Education Reform Act 1988, together with any regulations made thereunder, any amendments or additions thereto and to exercise all relevant powers of entry if provided.
<b>2.28</b>	To determine applications and provide, where applicable, milk, meals and refreshments in accordance with the Council's policy.
<b>2.29</b>	To act on behalf of the LEA in any consultations initiated by the governors of any school, in relation to the times of school sessions, and if he/she considered it appropriate to do so, to require the governors to include his/her written comments on the proposals in the next governors' report to be prepared by the governors.
<b>2.30</b>	To appoint sufficient education practitioners and governors in accordance with the arrangements who may be called upon to be required to serve as members on future independent Appeal Panels.
<b>2.31</b>	To investigate complaints made under section 409 of the Education Act 1996
<b>2.32</b>	To determine any matters relating to the Councils policy regarding charges and remissions and to authorise the recovery of any sums owed to the Council.
<b>2.33</b>	To approve the acceptance of gifts on trust for education purposes.

## Education and Children's Services

### Test of Assurance Phase 1 Report

2. Accountabilities, Director Lifelong Learning (Delegated to Head of Education and Children's services)	
2.34	To determine, where necessary in consultation with the trustee, applications received for financial support from charitable trust funds where the Authority is either itself trustee, or where the fund is administered on behalf of trustees.
2.35	To respond to changes in pupil numbers by making appropriate accommodation available.
2.36	To direct the use of school premises in the County and voluntary schools for community use outside school hours.
2.37	To monitor and evaluate the provision and performance of schools.
2.38	To monitor the curriculum in all maintained schools and report on it as necessary.
2.39	To set by agreement with schools, targets for pupil attainment.
2.40	To prepare a written statement of action to be taken in light of the report following an inspection of a maintained school.
2.41	To intervene to prevent the breakdown or continuing breakdown of discipline at a school, or where there is concern about standards of management.
2.42	To ensure that the performance management of teachers and head teachers is carried out according to Welsh Government directions and regulations and to monitor and evaluate the provision and performance of schools.
2.43	To investigate complaints made under Section 409 of the Education Act 1996.
2.44	To make or approve arrangements for the provision of work experience for pupils in their last year of schooling.
2.45	To manage and operate the Education Psychology Service.
2.46	To arrange appeals against exclusions and redirect excluded pupils
2.47	To make arrangements to encourage and assist pupils to take advantage of the provisions for medical and dental inspections and treatment made for them.
2.48	To ensure cleanliness of pupils and to serve a notice on parents requiring cleanliness where appropriate.
2.49	To manage all aspects of schools without delegated budgets
2.50	To inspect and maintain schools for the purposes of a Local Education Authority function.
2.51	To authorise persons at educational establishments to exercise the power of removal of persons from school premises who are causing a nuisance or disturbance.
2.52	To authorise Officers to appear on behalf of the Local Education Authority in proceedings being conducted in the Magistrates Court by Section 547 of the Education Act 1996 or any re-enactment of that provision.
2.53	To consider any resolutions sent to him/her from an annual parents meeting and to respond accordingly.

## Education and Children's Services

### Test of Assurance Phase 1 Report

2. Accountabilities, Director Lifelong Learning (Delegated to Head of Education and Children's services)	
<b>2.54</b>	To deal with the staffing matters of community voluntary controlled and community special schools where the decision is that of the LA (rather than the governing body).
<b>2.55</b>	To determine the school term and holiday dates including in service training days for any community, community special or voluntary controlled schools.
<b>2.56</b>	To exercise powers under the Education Acts in accordance with the Code of Practice, to identify, assess and arrange provision for pupils special educational needs, including the admission of pupils to out of county schools (including non-maintained special schools and independent schools providing for pupils with special education needs) and transport where appropriate, in accordance with the Council's Transport Policies.
<b>2.57</b>	To provide aids for use by pupils with special needs
<b>2.58</b>	To authorise officers to represent the Education Authority in tribunal proceedings dealing with special educational needs.
<b>2.59</b>	To make arrangements for the provision of suitable education otherwise than in school, in accordance with Section 319 of the Education Act 1996.
<b>2.60</b>	To make arrangements for the provision of suitable education at school or otherwise for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not receive it unless such arrangements were made.
<b>2.61</b>	To recoup the costs of providing education for persons not belonging to the Council's own area.
<b>2.62</b>	To recoup the costs of providing education for persons not belonging to the Council's own area.
<b>2.63</b>	To ensure the provision of statutory youth services jointly with the Head of Leisure, Libraries and Community Development.
<b>2.64</b>	Jointly with the Statutory Director of Education to grant and revoke licences to children of compulsory school age regarding child performances in accordance with the Children and Young Persons Act 1963 and the Children's (Performance) Regulations 1968 and any statutory modification thereof.
<b>2.65</b>	To supervise, prohibit and/or restrict the employment of children of compulsory school age pursuant to the Education Act 1996.
<b>2.66</b>	To manage the provision of the youth support services in pursuance of the Learning and Skills Act 2000 in consultation with the Head of Leisure, Libraries and Community Development
<b>2.67</b>	To exercise those functions of the Council which relate to Children and Young People under the Crime and Disorder Act 1998 (as amended or re-enacted).
<b>2.68</b>	To give directions to admit a child to a specified school.
<b>2.69</b>	To undertake any inspections, interviews, investigations, seizures, services of notices, notifications, authorisations, registrations and legal proceedings as are within the purview of the department under the Education Reform Act 1988, together with any regulations made thereunder, any amendments or additions thereto and to exercise all relevant powers of entry if provided.

## Education and Children’s Services

### Test of Assurance Phase 1 Report

2. Accountabilities, Director Lifelong Learning (Delegated to Head of Education and Children’s services)	
<b>2.70</b>	To exercise powers under the Education Act 2002 s.29(5) in respect of health and safety directions to governing bodies where the local authority is the employer.
<b>2.71</b>	To act as the Deputy Statutory Officer for Education in the absence of, or inability to act, by the Statutory Director of Education.
<b>2.72</b>	To ensure all relevant Officers (and volunteers if relevant) are subject to the provisions (including any vetting and barring procedures) of the Safeguarding Vulnerable Groups Act 2006 and any subsequent amendment or regulations made under it.

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Test of Assurance for Joining Education  
and Children's services  
21 February 2016

Equality Impact Assessment

# Joining Education and Children's Services as a single organisational unit, Education and Children's services

Contact: Steph O'Donnell

Updated: 21.02.2016

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

A service review or re-organisation proposal

## 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?

The aim of the over-arching project was to bring two services together as a new organisational unit, under a single Head of Service. The new service is called Education and Children's services. The management structure has been affected by the change, following a full period of consultation from August – September 2015. Children and Young people throughout Denbighshire will benefit from bringing the two services together as they will act in a more cohesive way to ensure young people and children are safe, protected from harm, and supported to achieve their potential through all educational and social opportunities.

## 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*

Yes

## 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)*

### 4.1 Staff in Both Services

The management structure was agreed in principle by July 2015. This did not entail any job losses or posts being re-graded. However, some posts which had previously reported through the Head of Service would now report through 2

Principal Manager posts. A period of consultation took place from August - September 2015 and all affected staff were given the opportunity to meet with senior management and HR. Responses were made quickly to all questions and enquiries. New Principal manager post in Education was advertised and filled internally by January 2016. The feedback on the consultation was generally very positive.

#### 4.2 Children and Young People

The impact of the changes for this group is expected to be positive. Through improved collegiate working and development of joint opportunities across Education and Social care, it should be possible to offer better support to all young people and, in particular, more vulnerable groups. This is already reaping benefits in sharing understanding of safeguarding and the responsibilities entailed.

- 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)*

Children and Young people, as stated under part 4, should see improved and joined up service provision. The needs of disabled children will also be considered more holistically by the service.

- 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)?**

None anticipated. However, the new service has a much broader remit than in the past and it is recognised under the risk analysis, that an ongoing focus on workload, particularly the demands of external meetings, will be needed to ensure the right focus can be maintained by senior managers.

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

<Please Select>

Initially, the staff consultation was scheduled to conclude in late August. However, it was recognised that this deadline needed to be extended due to school support staff holidays. This ensured a fair response time for all staff affected.

**8. Have you identified any further actions to address and / or monitor any potential negative impact(s)?**

Yes	Yes, in the Risk Mitigation.
-----	------------------------------

Action(s)	Owner	By when?
Ongoing review of delegated accountabilities and impact on managers - through management meetings	Karen Evans	31.03.2017
Ongoing review of formal meeting attendance and potential impact on staff and service delivery - also through management meetings	Karen Evans	31.03.2017
Ongoing review of retained service manager vacancy in Children's services	Julie Moss	31.03.2017

**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:	31.07.2016
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Name of Lead Officer for Equality Impact Assessment	Date
Steph O'Donnell	21.02.2016

**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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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report 2015-16

## Denbighshire County Council

Issued: March 2016

Document reference: 214A2016



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Gwilym Bury, Siân Clark, Fflur Jones and Jeremy Evans under the direction of Jane Holownia.

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Together with appointed auditors, the Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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# Summary report

## About this report

- 1 This Annual Improvement Report (AIR) summarises the audit work undertaken at Denbighshire County Council (the Council) since the last such report was published in July 2015. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (WLC). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 4 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@audit.wales](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.



## 2015-16 performance audit work

- 5 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below.

Project name	Brief description
<b>Wales Audit Office Financial Resilience Assessment</b>	Review of the Council's financial position and how it is budgeting and delivering on required savings.
<b>Wales Audit Office Annual 'Improvement Plan' Audit</b>	Review of the Council's published plans for delivering on improvement objectives.
<b>Wales Audit Office Annual 'Assessment of Performance' Audit</b>	Review of the Council's published performance assessment, including testing and validation of performance information.
<b>Wales Audit Office Performance management: Benchmarking social services costs against performance</b>	Review across the North Wales councils to explore the value of the current social services performance indicators and the links, if any, with costs.
<b>Wales Audit Office Performance management: Review of the Council's approach to alternative service providers</b>	Review of the Council's arrangements to successfully select, implement and monitor effective alternative models of service delivery.
<b>Wales Audit Office Governance: Review of scrutiny arrangements</b>	Review of the Council's scrutiny arrangements and their effectiveness.
<b>CSSIW: Inspection of safeguarding of looked-after children in foster care</b>	Assessment of the effectiveness of the Council's services for looked-after children in foster care.
<b>CSSIW: Review of the Social Services Department's performance 2014-15</b>	Assessment of the performance of the Council's Social Services Department.
<b>WLC: Review of the Council's Welsh Language Scheme</b>	Assessment of the effectiveness of the Scheme in providing Council services to the public in Welsh.
<b>Wales Audit Office Follow-up work</b>	Assurance that the Council has appropriate corporate processes for responding to reports, tracking implementation of recommendations and reporting this to the appropriate committee.
<b>Wales Audit Office National Reports</b>	<ul style="list-style-type: none"> <li>• The financial resilience of councils in Wales</li> <li>• Community Safety Partnerships</li> <li>• Income generation and charging</li> <li>• Council funding of third sector services</li> </ul>

## The Council, with sound financial management and scrutiny arrangements, continues to make progress in delivering improvements in most of its priority areas

- 6 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Measure and secure improvement during 2016-17. The Auditor General has reached this conclusion because:
- overall, the Council made good progress in addressing previously reported underperformance and it continues to deliver high-quality services but concerns remain in relation to safeguarding vulnerable adults;
  - the Council has appropriate financial management arrangements but needs to strengthen its approach to income generation; and
  - the Council's scrutiny arrangements support sound decision making and it has adequate corporate processes for responding to reports and recommendations from external regulators.

## Recommendations

- 7 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection and publish a report and make recommendations; and
  - recommend to Ministers of the Welsh Government that they intervene in some way.

- 8 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor proposals for improvement during the course of our improvement assessment work. He does, however, make recommendations that may be relevant to the Council in his Local Government National Reports. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 3](#).
- 9 In addition, the Care and Social Services Inspectorate Wales (CSSIW), and the Welsh Language Commissioner (WLC) included areas for improvement in their inspection reports and letters issued to the Council during the year. These are available at [www.cssiw.org.uk](http://www.cssiw.org.uk) and [www.comisiynyddygybraeg.org](http://www.comisiynyddygybraeg.org).
- 10 Estyn issued no inspection reports to the Council during 2014-15.

# Detailed report



# Performance

Overall, the Council made good progress in addressing previously reported underperformance and it continues to deliver high-quality services but concerns remain in relation to safeguarding vulnerable adults

## Estyn's evaluation of school performance

- 11 The proportion of pupils eligible for free school meals in Denbighshire is just above the Wales average. This is taken into account when evaluating the performance in the authority.
- 12 The proportion of pupils achieving the Foundation Phase indicator<sup>1</sup> and the core subject indicator at key stage 2 has improved over the last three years, but at a slower rate than the Wales average. For both indicators, performance in 2015 is around the average for Wales.
- 13 At key stage 3, the proportion of pupils achieving the key stage 3 core subject indicator has improved over the last three years at a faster rate than the Wales average, and is in line with the Welsh Government benchmark for performance in 2015.
- 14 At key stage 4, the percentage of pupils achieving the level 2 threshold including English or Welsh first language and mathematics and the average capped points score has improved in recent years, but at a slower rate than the Wales average. In 2015, performance in the level 2 indicator including English or Welsh and mathematics is below the target set by the Welsh Government. The average point score has met the Welsh Government benchmark targets for the last three years.
- 15 In most of the indicators for primary and secondary schools, the performance of pupils eligible for free school meals is below the Wales average. For two of the last three years, attendance in primary schools has been better than that in similar authorities. In 2015, attendance is below the Wales average. In secondary schools, attendance has been below the Wales average for the last three years.

<sup>1</sup> The **Foundation Phase indicator** refers to the percentage of pupils who reach the expected performance (outcome level 5) in three areas of learning in the Foundation Phase: literacy, language and communication in English or Welsh first language; mathematical development; and personal and social development, wellbeing and cultural diversity.

The **core subject indicator** refers to the percentage of pupils who attain the level expected of them in mathematics, science and either English or Welsh as a first language. This equates to level 4 or above at key stage 2 and level 5 or above at key stage 3. The performance indicators for the Foundation Phase key stages 2 and 3 are based on teacher assessment. The performance indicators for key stage 4 are based on externally verified qualifications such as GCSEs.

Overall, the Council's social services perform well but safeguarding vulnerable adults and the quality of many domiciliary care agencies continues to be a concern

- 16 The CSSIW published its Annual Review and Evaluation of Performance 2014/2015 in October 2015 and this is available on [CSSIW's website](#).
- 17 CSSIW found that the Council continued to make good progress on its five-year plan to modernise its social services that will involve a transformation, not just of the pattern of social care services, but also in the shape of the workforce employed to provide care and support. The Council believes that cultural change will help it to prepare for the implementation of the Social Services and Wellbeing (Wales) Act 2014 and the delivery of sustainable social services. Elected members and staff are well briefed and understand the implications of the Act. Preparation for this during the year included the reorganisation of the senior management infrastructure, thereby creating a new department for community support services incorporating adult social services and homelessness services, and also the merger of children's social care with education into a single department at the beginning of 2016.
- 18 The Council continues to engage actively with people who use its services and CSSIW notes that the Council has also put into place a sound process to capture the experiences and views of young people including a robust use of social media. The CSSIW also found that the Council continues to demonstrate commitment, creativity and pragmatism in its response to 'More Than Just Words/Mwy Na Geiriau'<sup>2</sup>, with clear evidence of excellent progress being made during the year illustrated by strategic leadership, championing, bilingual access for people and workforce training designed to heighten awareness and take-up of the Welsh language, and to increase the accessibility of social services in the language of need.
- 19 The Council continues to face substantial demographic changes within an uncertain financial climate. The CSSIW found powerful evidence that the Council has adopted a strategic approach to meeting these challenges. The Council is providing strong leadership in relation to promoting independence. Annual service challenge meetings and corporate governance arrangements held throughout the year reflect a culture within the Council of effective scrutiny of social care performance both with children and adult services.

<sup>2</sup> **Mwy na geiriau/More than just words: A Strategic Framework for Promoting the Welsh Language in Health, Social Services and Social Care** was published in 2012 by the Welsh Government Deputy Minister for Social Services. The aim of the framework is to ensure that organisations recognise that language is an intrinsic part of care and that people who need services in Welsh get offered them.

- 20 The Council has completed major structural changes to the management of both adult social care and children's services. The Council's approach includes a review of existing services; the introduction of innovative models of practice; integrated partnership development; and the exploration of the potential for regional commissioning for some services. In managing its budget reductions and altering its approach to front-line social care, the Council has chosen to reduce the number of qualified social workers employed in adult services and has replaced these with social care practitioners. Compared to 2013-14 there was a reduction during the year in social workers by 19 per cent (nine posts) balanced by the introduction of 24.8 full-time equivalent social care practitioner posts (including six reviewing officers). There is a different picture in children's social care services with an increase in social workers from the previous year of 21.47 per cent (seven posts). In order to assess the impact of these changes upon people receiving adult social care services the Council will need to adopt a rigorous approach to quality assurance. In 2014-15, the Council also commenced a detailed consultation programme on the future of their own three residential homes for older people which currently provide accommodation for 50 people and employ 100 staff. Adult services, which during the year became a function of the new Community Support Services, sought to sharpen its approach to commissioning during the year.
- 21 The CSSIW found there has been progress overall in the provision of adult social care in the County with the continuation of new initiatives promoting independence. The emphasis of the Council is to enable a greater number of people aged 65 years and over to remain independent. The introduction of the Single Point of Access illustrates an effective model of integrated social care and health partnership working, providing assessment and support for people at risk of deteriorating health. By the end of the year, the service was fully staffed including staff from the third sector and offering a bilingual service.
- 22 The Council provides strong direction and leadership in increasing the range of preventative and early intervention services available for older people. Denbighshire's Well-Being Plan illustrates the Council's strategic direction in seeking to enable people to become resilient and independent. The CSSIW found other examples of new initiatives such as the 'My Life My Way' project focusing on locally-based resources for people to seek advice, information and to retain resilience and independence. The Council also commenced a project aimed at assessing and intervening in loneliness experienced by older people. The Council took part in a national pilot to develop community hubs, enabling easy access to advice and information for the local population with the first of these community hubs operating 'community-led conversations' commenced in Corwen.

- 23 A focus with domiciliary care provision has been to move towards an outcome-based approach for the users of these services, although work to evaluate the quality of all providers and outcomes for services has yet to be undertaken. The pilot being undertaken by the Council to apply the National Outcome Framework aims to place the person at the centre of social work practice. This will therefore require a smarter and bespoke approach to commissioning, and greater clarity in the Council's approach to commissioning will be needed.
- 24 The CSSIW found, however, that the Council did not formally monitor the quality of many domiciliary care agencies during the year by carrying out visits to all providers. The Council acknowledges that all providers will need to be effectively monitored during 2015-16. During engagement meetings with CSSIW, the Council reported that 70 per cent of all 15-minute calls to people in their own homes were 'check calls'. Quality monitoring should include face-to-face interviews in addition to the existing methods employed, to enhance opportunities for listening to and evaluating the views of people who receive all types of domiciliary services. This will help to ensure that the support provided addresses their needs and informs future commissioning by the Council.
- 25 In recent years there has been an increasing number of people with learning disabilities and often complex needs from outside the county and even Wales who have been placed with independent providers (over 96 per cent) in Denbighshire but CSSIW found that there are significant numbers of people in these services unlikely to be known to the Council who may need at some point to access primary health and social care services, and the protection of the safeguarding processes operated by the council. The CSSIW concluded that further work is needed by the Council (and partners) to assess and predict future need and resource in this respect, and to take account of the potential impact of any step-down from intensive support and into community-based settings within the county.
- 26 The CSSIW concluded that despite increasing capacity for delivering safeguarding for vulnerable adults, performance in relation to the Protection of Vulnerable Adults (PoVA) has not made the gains anticipated, and performance continues to cause concern and that this remains an ongoing risk for the Council. The Council sought to strengthen capacity by extending the role of designated lead managers. Dedicated administrative support was also established towards the end of the year, training for staff provided, and monthly meetings held to review progress and share practice. Despite these developments, by the end of 2014-15 the same concerns noted in last year's CSSIW performance evaluation report remained, including timeliness and lack of consistency in the safeguarding process. The CSSIW observed that relevant agencies were not always being engaged, especially in early strategy discussions, and a recurring theme being an apparent lack of confidence of the designated lead managers, suggesting a need for further support and training. Clarity around the Council's threshold for accepting or rejecting PoVA referrals is also needed. Since publication of the Annual Review in October 2015, the Council has taken a number of steps to address the concerns of CSSIW including implementing new data collection and evaluation processes relating to all stages of the PoVA process and by ensuring that Single Point of Access personnel have the information they need in order to make timely referrals to the PoVA team. The CSSIW will also undertake a follow-up review on PoVA arrangements during 2016.



- 27 Partnership working remains strong in Denbighshire and, as noted last year, has enabled the development and delivery of restructured services and this has led to improved quality of care in the county. Senior officers from Denbighshire and Conwy councils met throughout the year in order to seek opportunities for future joint social care partnership working. The CSSIW notes that relationships with partner agencies are good at both individual and organisational levels, despite some challenges in engaging effectively at a strategic level, and it should therefore be of advantage to the strategic planning and decision-making for health and social care in the year ahead, that the Denbighshire Director of Social Services was made an associate member of the board of Betsi Cadwaladr University Health Board.
- 28 The CSSIW noted very good progress in the delivery of children's services and strong outcomes for looked-after children. The Council has put in place approaches designed to improve previously poor performance in relation to health, dental and personal education plans for looked after children. Towards the end of the year, impact was beginning to be made with health and dental checks progressing, however, both areas still fall below the Welsh average. In relation to health checks there has been an increase from 38.4 per cent to 73.5 per cent; and dental checks slightly improved from the previous year to 59.8 per cent. The Council significantly increased its performance and ensured that all looked after children have personal education plans in place and at 100 per cent, this is well above the Welsh average.
- 29 The CSSIW inspection in 2014-15 of the Denbighshire Fostering Service found there is a stable group of foster carers within the county and morale amongst foster carers was judged to be good. The Council is also working with other councils in North Wales to establish a regional approach to the recruitment of foster carers.
- 30 Outcomes for care leavers improved. Through the involvement of the 14+ team and the corporate parenting forum, there is positive engagement and indeed some success from the range of Council services in providing options to its looked-after younger people, including employment and apprenticeship opportunities. There was a big leap in the external qualifications points score achieved by the small cohort (four) of 16-year-old looked-after children at 438.50 points, reflecting an increase of 168 per cent from the previous year, becoming the highest in North Wales and significantly above the Welsh average. The Council's role as the 'corporate parent' for children and young people is illustrated through the Corporate Parenting Forum, in which senior managers and elected members scrutinise outcomes for young people and challenge performance. This is enhanced by the establishment of an improved approach to quality assurance arrangements by better engaging with and eliciting the views of young people.
- 31 During 2015-16, CSSIW undertook an inspection of the in-house Denbighshire Fostering Services. Findings from the individual local authority inspections and the CSSIW national overview report can be found on the [CSSIW website](#).

- 32 As part of the Wales Audit Office Social Services Sustainability work across the six North Wales councils, we produced a document for the Council that presented:
- future demand for social services in Denbighshire through benchmarking population projections for children and older people; and
  - a suite of graphical analyses that combined financial and performance data for social services in Denbighshire over multiple years and which also placed the Council within the context of the other 21 Welsh councils.
- 33 There were no recommendations or conclusions from this work as we provided each Council with a data pack that displayed information from a value-for-money perspective and facilitated a North Wales-wide workshop for Directors of Social Services and other key senior managers. We received positive feedback on the output and await to see how the Council uses this approach as part of its internal challenge processes.

**The Council continues to produce well informed balanced evaluations of its performance and complies with the Local Government Measure 2009**

- 34 The Council has, as in previous years, met its improvement reporting duties under the Measure and the Auditor General's October 2015 Improvement Assessment Certificate concluded that the Council had discharged its improvement reporting duties under the Measure.
- 35 The Council's Service Challenge arrangements have been in place for some years and continue to provide elected Members and managers with comprehensive and detailed position statements drawing on the available performance data and on the progress of major projects. As is the case, with the Council scrutiny committees however, the attendance record of Members at service challenge meetings has been variable during 2015. Often the only challenge comes from senior staff and a few elected Members. As we noted in last year's AIR the service challenges form an important strand in the Council's self evaluation process, enabling senior managers and elected Members to understand more fully how well each service is performing against targets and in the national context, and to identify what needs to be done in areas that are performing less well. If the Council's Service Challenge arrangements are to continue to perform this important role the level of Member attendance needs to return to previous levels.
- 36 The Council is also required to prepare and publish an Improvement Plan describing its plans to discharge its duties to make arrangements to secure continuous improvement in the exercise of its functions. The Auditor General's May 2015 Improvement Plan Certificate concluded that the Council had discharged its improvement planning duties under the Measure.

### National indicators and the Council's own performance standards continue to present an accurate picture of performance

- 37 The Council's performance in 2014-15 declined very slightly, with 14 of the 25 of the statutory performance indicators in the top quartile. As in 2013-14 only four out of the 25 statutory all-Wales measures were in the bottom quartile and the Council continued to achieve further improvements across many of its service areas, such as further reducing waste sent to landfill. The Council has continued its approach of rejecting target-setting based on incremental improvement on the previous year's performance in favour of an approach based on achievement of the 'excellence threshold'. Excellence thresholds are usually based on the Council's performance being amongst one of the top six performing councils in Wales.
- 38 Our last three AIRs concluded that the Council's central policy team effectively oversee, co ordinate, and actively manage performance. This has enabled the Council to continue to deliver a well-understood and consistent system for performance management. This remains the case. The quality of the work produced by the central policy team has been further strengthened during 2015 by the introduction of a new Performance Management System.

### Good progress has been made in addressing the previously reported underperformance in the provision of affordable housing and developing a new Council housing strategy

- 39 The Council has taken decisive action in 2014-15 to try to ensure a sufficient supply of affordable homes. Until this year the Council had consistently failed to meet its targets since 2011 and its performance was the worst in Wales in 2013-14. In 2013-14, of the 2,416 affordable homes built in Wales, only 16 were completed in Denbighshire. The Council recognised that it needed to improve its performance and the housing service was reorganised with the Head of Planning and Public Protection, together with the Head of Finance, Assets and Housing, taking on responsibility for all aspects of delivering affordable housing in Denbighshire. In 2014-15 a total of 74 affordable homes were completed in Denbighshire, although the corporate plan target of 570 new affordable homes to be completed between 2012 and 2017 is still unlikely to be achieved.
- 40 The Council recognised that the existing Housing Strategy did not set out clearly enough the roles and responsibilities for meeting the affordable homes target and a Task and Finish group of elected members and officers has been developing a new affordable housing strategy. The new housing strategy was approved by the Council in December 2015 and a detailed action plan sets out a series of measures which if all successfully implemented should ensure significant progress in increasing the provision of affordable homes in Denbighshire over the next five years.

- 41 As we reported in the last Annual Improvement report the Council's Improvement Priority for housing is broader than the provision of affordable housing. The Council continued its effective action to prevent homelessness in 2014-15 and, as in the previous year, remained in the top quartile for performance within Wales. The number of days taken to deliver disabled facilities grants was also low and represented top quartile performance amongst councils in Wales.

**The Council has adopted alternative models of service delivery but it has only just started to develop an appropriate strategic framework and performance monitoring and scrutiny arrangements**

- 42 With the prospect of ongoing financial cutbacks, more councils are considering the possibility of making significant changes to methods of service delivery in order to achieve greater financial security and protect services. It is important for councils to take these decisions with a complete range of information relating to service delivery options and that the strengths and weaknesses of each option are discussed and debated within context. This debate needs to take place at both officer and Member level together with robust public consultation.
- 43 Alternative models for service delivery can take many forms, the selection of which may be determined by the particular values of a council. For example, an approach of a 'commissioning council' might entail establishing a range of contracts with the private sector for the long term provision of services. There is also the example of the network of 'co-operative councils' which are undertaking a series of projects to explore and embed into practice new ways of delivering services and working in partnership with communities.
- 44 Each of these models brings associated risks that need to be identified when options are being considered and arrangements put in place to manage them as they are developed and put into practice. Given the wide range of potential options it would be beneficial prior to embarking upon initial research for the Council to establish its preferences for particular services – this could simply be a statement of the nature of arrangements it would not consider.
- 45 Different reasons and factors have contributed towards considering alternative ways to achieve effective service delivery. For example, the yet to be implemented SARTH<sup>3</sup> project with neighbouring councils and local Housing Associations is pushing for change to a more modern and effective social housing allocations system, and the pressures of aging residential care units is driving the Council to look at extra care housing schemes provided by alternative providers.

<sup>3</sup> SARTH (Single Access Route to Housing) is a partnership project between all the major social landlords in North East Wales, covering the local authority areas of Conwy County Borough, Denbighshire, and Flintshire. The overall aim of SARTH is to provide a common access route to a range of affordable housing options which is transparent, legal, efficient and accessible to all sections of the community. Through a common allocation framework partners share one register and so an applicant need make only one application to access the whole system. Each partner with properties in an area chosen by an applicant will be aware of the application and able to give the applicant the appropriate priority in the allocation process.

- 46 The Council has already developed and begun establishing a number of alternative forms of service delivery including partnership services with the private sector and shared services with other local councils and the third sector, such as local housing associations. For example, in April 2015 the Council implemented the transfer of Revenues and Benefits staff to a new partnership with the private company CIVICA. The Council develops revised service delivery models on a service-by-service basis, where business cases can be established, rather than being part of a systematic review of options of alternative means of service delivery.
- 47 Some Denbighshire services, however, such as Leisure Services, demonstrate that at a service level they already undertake robust systematic reviews of options of alternative means of service delivery. In our National Report on Leisure Services<sup>4</sup> we reported how the Council, as part of its strategic aim that 'by 2020 Denbighshire will be renowned for high quality, accessible leisure opportunities attracting high levels of participation and improving the well-being of its residents and visitors', the Council held 14 stakeholder workshops, completed a detailed cost benefit analysis, including local market comparisons. This has provided the Council with detailed information about performance and customer satisfaction about each of its leisure facilities and has allowed it to develop detailed operational plans for individual facilities to deliver its aim of making services both self-funding and central in improving the health of residents living in Denbighshire.
- 48 Until December 2015, the Council did not have effective corporate mechanisms in place to monitor existing arrangements for alternative service delivery but has now agreed a corporate framework for alternative service providers. The framework sets out clearly requirements for having relevant guidance in place, the arrangements for considering and implementing changes, clarity of roles for those involved, the monitoring and governance arrangements, as well as the necessary legal components and the minimum levels of monitoring required depending on the value of services provided.
- 49 The new monitoring framework for alternative service delivery is yet to be fully implemented and current public scrutiny arrangements are weak. For example, the performance partnership with CIVICA for Revenues and Benefits, whilst subject to monthly review by a joint Board of CIVICA and the Council, an annual service challenge, and a report to a task and finish group, has not yet benefited from any public performance scrutiny by Members through either its scrutiny committees or the Corporate Governance Committee. However, the Council recognises the need to strengthen its public scrutiny and monitoring arrangements and is now implementing the new monitoring framework for alternative service providers.

## Welsh Language Commissioner's evaluation of Denbighshire's performance

- 50 The role of the Welsh Language Commissioner (the Commissioner) was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 51 The Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every Council is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 52 The Commissioner included areas for improvement in their inspection reports and letters issued to the Council during the year. These are available on the [WLC website](#).

# Use of resources

## The Council has appropriate financial management arrangements but needs to strengthen its approach to income generation

53 On 27 November 2015, the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 2](#) of this report.

## The Council's future plans and arrangements to deliver savings are fit for purpose and are being effectively managed

- 54 Good financial management is essential for the effective stewardship of public money and the delivery of efficient public services. Good financial management:
- helps authorities take the right decisions for the short, medium and long term;
  - helps authorities deliver services to meet statutory obligations and the needs of local communities;
  - is essential for good corporate governance;
  - is about managing performance and achieving strategic objectives as much as it is about managing money;
  - underpins service quality and improvement;
  - is the basis of accountability to stakeholders for the stewardship and use of resources; and
  - is a key management discipline.
- 55 Financial resilience is achieved when an authority has robust systems and processes to effectively manage its financial risks and opportunities, and to secure a stable financial position.
- 56 There is an effective corporate framework for financial planning at the Council. Its overall vision and aims are clearly articulated through its Corporate Plan 2012-17 which details the seven improvement objectives the Council aims to achieve for its citizens. The Council has a robust mechanism in place for ensuring improvement objectives are linked to, and protected by, service plans and that budgets and financial plans are set in line with the delivery of these objectives. Progress is measured through the Council's performance monitoring framework and is reported each year through the Council's Annual Delivery Document.

- 57 There are a number of policies supporting the Council's financial planning arrangements, with responsibilities set out in respect of budget setting, monitoring and reporting. The Council has a Medium Term Financial Plan (MTFP) which is currently in the process of being updated. The 2014 version sets out how the remaining savings gap is to be addressed in 2015-16 and beyond.
- 58 The Council's approach to setting its revenue budget changed for the 2015-16 financial year. While previously the Council approach has been to reduce costs incrementally, for 2015-16, services were reviewed under a Freedoms and Flexibilities programme to achieve a target of £18 million savings over the next two years. This budget process focuses on what a service does and how much it costs, and attempts to analyse whether service provision is statutory, aligned to a corporate priority or discretionary.

**The Council has effective controls in place to ensure its financial processes and management are robust, but needs to strengthen its approach to income generation**

- 59 The Council's 2015-16 savings and efficiencies plans are being effectively managed and are likely to be achieved.
- 60 Efficiency savings plans had been developed for 2015-16 across all Council departments. The plans include clear descriptions of where savings would be made. Denbighshire's savings plan is specific, measurable, achievable, relevant and timely. The Council's 2015-16 Savings Plan takes appropriate and relevant account of the future financial pressures the Council faces. Assumptions made by the Council in identifying the shortfall were comprehensive and reasonable and were supported by robust data.
- 61 Each year the Council reviews its level of reserves and provisions in respect of both earmarked and general reserves, a process which has been incorporated into the budget setting processes and member workshops. There is an inconsistency between the strategy for reserves as set out in the MTFP 2014-18 and the approach to reserves taken in setting the budget for 2015-16. There is a need to address this disconnect to ensure the Council's approach is consistent and that its key policies and procedures align effectively.
- 62 The Council also does not currently have a formal policy on income generation/charging, neither do they have a register of the charges set by respective departments. Although some discussion around charging takes place during the budget-setting process, these are not consistent across services and need to be formalised to ensure the Council has a prudent and considered approach.



**The Council has robust arrangements for reviewing and challenging financial performance and those responsible for managing financial performance are held to account**

- 63 There is a robust framework for reviewing and challenging financial performance at the Council. The Council's new forecasting monitoring and reporting system, 'Collaborative Planning', is effective in ensuring a consistent approach to budgetary control across the Council. As we reported in our last AIR 'Collaborative Planning' ensures a more consistent approach to budgetary control across the Council by collating budgetary information onto an online system and reducing the need for the use of various spreadsheets within different service departments.
- 64 The Cabinet receives a monthly budget report. The report shows the projected outturn for the year (rather than the position at a particular point in time) compared to the original budget. The monthly reports contain details of any significant variation in spend coupled with corrective action.

# Governance

**The Council's scrutiny arrangements support sound decision making and it has adequate corporate processes for responding to reports and recommendations from external regulators**

**The Council's scrutiny arrangements support sound decision making, but there is a significant decline in member attendance at scrutiny meetings**

- 65 Relationships between councillors and officers are constructive and are underpinned by appropriate training, guidance and role descriptions. Councillors conduct themselves appropriately and generally seek to be constructive in committee meetings, even when they disagree with each other. There have been very few breaches of the Members' Code of Conduct in Denbighshire in recent years. All councillors are expected to attend training in the Code of Conduct. Appropriately, councillors may only take part in Licensing and Planning Committee meetings after undertaking specific training. The Council aims to provide training and development based on needs and councillors are generally positive regarding the training provided.
- 66 The Council has adopted within its constitution and elsewhere an appropriate set of guidance setting out the expectations for key roles of scrutiny committees. It keeps this up to date and has, for example, produced a role description for the chair and members of the committees.
- 67 The Cabinet meets monthly whilst each of the three Scrutiny Committees are scheduled to meet every six weeks. Each committee has a well-defined forward work programme which takes into account items on the Cabinet forward plan and reviews this at each meeting. The Council has a clear focus of setting the work programme which takes into account:
- corporate priorities and delivery of the Corporate Plan;
  - budget savings and their impact on Denbighshire and its residents; and
  - other high priorities which scrutiny can influence and effect change.

There is a structured evaluation process enabling scrutiny committees to focus their activities on important issues such as progress on projects and reports on the Council's performance.

- 68 A proportion of the work of scrutiny committees takes the form of 'pre-decision scrutiny' whereby committees consider issues before they reach Cabinet for decisions to be taken. A number of task and finish groups, such as the 'Cutting the Cloth' task and finish group which considers efficiency savings take on this role. The use of pre-decision scrutiny helps to ensure that the decisions made take account of a broad range of political views and reduces the likelihood that that scrutiny would 'call in' Cabinet decisions, thereby maintaining the smooth flow of Council business.
- 69 The quality of papers presented to scrutiny is generally good. Furthermore, the extensive engagement of councillors through, for example, their involvement in budget workshops generally ensures that the recommendations included within committee papers are likely to command a broad level of support.
- 70 The level of challenge and quality of debate in scrutiny committee meetings varies. However, we have observed a number of meetings that included a robust and well-informed challenge to the staff or Cabinet members presenting the papers.
- 71 The Council has developed a Scrutiny Improvement Action Plan, the progress of which is regularly monitored. There are, nevertheless, some aspects of the scrutiny arrangements that, whilst strengthened, remain inconsistent such as the presentation of reports, which are at times are presented by the relevant Cabinet member, and on other occasions by the lead officer (whilst the Cabinet Member is present). This confuses lines of accountability and responsibility.
- 72 The Corporate Governance Committee is developing well and is systematic in assuring itself that recommendations in Internal Audit reports have been implemented. The relevant Cabinet members, rather than the officers, are held to account by the Corporate Governance Committee and the balance of contributions from the Cabinet member is appropriate.
- 73 The level of attendance at scrutiny meetings and at the Corporate Governance Committee has declined and the Council is trying to address this issue. Senior officers and elected Members we spoke to are concerned about this decline in attendance with some meetings we observed being barely quorate. Analysis of attendance levels shows that this decline in participation has been a growing problem over the last year. The Council has previously tried holding some scrutiny meetings at different times of the day but this did not improve attendance levels. The reasons for this decline remain unclear but the trend needs to be reversed if the required level of assurance about the Council's scrutiny arrangements is to be maintained.

## The Council has adequate corporate processes for responding to reports and recommendations from external regulators

- 74 The Council has adequate corporate processes for responding to reports from the Auditor General for Wales, tracking implementation of recommendations and reporting this to meetings of the Council. In our 2015 AIR we proposed the Council should review its working practices against the recommendations in the Auditor General's 2014-15 five Local Government National Reports and implement improvements as necessary.
- 75 The Council discussed some of the individual reports at scrutiny committees and the Corporate Governance Committee and produced a comprehensive review and action plan for all the reports which was presented to the full Council in October 2015. The Council has not yet reported back to the appropriate committee on progress with the action plan.
- 76 Since the last AIR was published a further five National Reports with recommendations that may be relevant to the Council have been published. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 3](#).

# Appendix 1 – Status of this report

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

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

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

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

# Appendix 2 – Annual Audit Letter

Councillor Hugh Evans – Leader  
Dr. Mohammed Mehmet – Chief Executive  
Denbighshire County Council  
County Hall  
Wynnstay Road  
Ruthin  
Denbighshire  
LL15 1YN

27 November 2015

Dear Councillor Evans and Dr Mehmet

## Annual Audit Letter – Denbighshire County Council 2014-15

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

### Denbighshire County Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

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

The Public Audit (Wales) Act 2004 requires the Auditor General for Wales to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming the completion of the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 30 September 2015, the Auditor General for Wales issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. This report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Corporate Governance Committee in the Audit of Financial Statements report on 28 September 2015.

**The Auditor General for Wales is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

The Auditor General for Wales' consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. The AIR will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

**The Auditor General for Wales issued a certificate confirming that the audit of the accounts has been completed on 30 September 2015.**

**Work to date on the certification of grant claims and returns has not identified significant issues that would impact on the 2015-16 accounts or key financial systems.**

A more detailed report on grant certification work will follow in 2016 once this year's programme of certification work is complete.

The financial audit fee for 2014-15 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

**Derwyn Owen**  
**For and on behalf of the Auditor General for Wales**

## Appendix 3 – National report recommendations 2015-16

Date of report	Title of review	Recommendation
April 2015	<b>The financial resilience of councils in Wales</b>	<p>R1 Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> <li>• is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure;</li> <li>• maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and</li> <li>• should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances.</li> </ul>
		<p>R2 The medium term financial plan should identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.</p>
		<p>R3 Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.</p>
		<p>R4 Councils should review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.</p>
		<p>R5 Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated useable reserves as part of their Medium term Financial Plan.</p>
		<p>R6 Councils should develop corporate wide policies on income generation with a view to increasing revenue streams and relieving financial pressures.</p>
		<p>R7 Councils should:</p> <ul style="list-style-type: none"> <li>• strengthen budget setting and monitoring arrangements to ensure financial resilience; and</li> <li>• review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.</li> </ul>
		<p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p>
		<p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>



Date of report	Title of review	Recommendation
June 2015	Achieving improvement in support to schools through regional education consortia – an early view	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (paragraphs 2.2 to 2.20). We therefore recommend:</p> <ul style="list-style-type: none"> <li>Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).</li> </ul>
		<p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (paragraphs 2.33 to 2.36; 3.16 to 3.17). We therefore recommend:</p> <ul style="list-style-type: none"> <li>As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.</li> </ul>
		<p>R3 To develop more collaborative relationships for the school improvement system. The development of the National Model for Regional Working involved many school improvement partners but we found that this had not led to the development of sufficiently collaborative relationships (paragraphs 2.25 to 2.32). We therefore recommend:</p> <ul style="list-style-type: none"> <li>Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy).</li> <li>The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> <li>information sharing and consultation about developments related to school improvement;</li> <li>developing collaborative relationships of shared accountability; and</li> <li>undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies.</li> </ul> </li> </ul>

Date of report	Title of review	Recommendation
June 2015	Achieving improvement in support to schools through regional education consortia – an early view	<p>R4 To build effective leadership and attract top talent. Regional consortia, local authorities and the Welsh Government have all found difficulties in recruiting to senior leadership for education and we found there had been limited action to address this (paragraphs 2.37 to 2.40). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• the Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system; and</li> <li>• local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders.</li> </ul> <p>R5 To improve the effectiveness of governance and management of regional consortia. Whilst continuing progress is being made, we found that regional consortia have not yet developed fully effective governance and financial management arrangements (paragraphs 3.2 to 3.36). We therefore recommend that local authorities and their regional consortia should:</p> <ul style="list-style-type: none"> <li>• improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements;</li> <li>• improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money;</li> <li>• make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level;</li> <li>• develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities;</li> <li>• develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees;</li> <li>• ensure the openness and transparency of consortia decision making and arrangements;</li> <li>• recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and</li> <li>• develop robust communications strategies for engagement with all key stakeholders.</li> </ul>

Date of report	Title of review	Recommendation
July 2015	Review of Corporate Safeguarding Arrangements in Welsh Councils	<p>R1 Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements;</li> <li>• the appointment of a lead member for safeguarding; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Ensure there is a corporate-wide policy on safeguarding covering all Council services to provide a clear strategic direction and clear lines of accountability across the Council.</p> <p>R3 Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> <li>• ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children;</li> <li>• creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and</li> <li>• requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement.</li> </ul> <p>R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> <li>• ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes;</li> <li>• creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and</li> <li>• requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training.</li> </ul> <p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p>

Date of report	Title of review	Recommendation
July 2015	Review of Corporate Safeguarding Arrangements in Welsh Councils	R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering: <ul style="list-style-type: none"> <li>• benchmarking and comparisons with others;</li> <li>• conclusions of internal and external audit/inspection reviews;</li> <li>• service-based performance data;</li> <li>• key personnel data such as safeguarding training, and DBS recruitment checks; and</li> <li>• the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.</li> </ul>
		R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.
		R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.
October 2015	Supporting the Independence of Older People: Are Councils Doing Enough?	R1 Improve governance, accountability and corporate leadership on older people's issues through: <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for coordinating and leading the Council's work on older people's services;</li> <li>• realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people;</li> <li>• the appointment of a member champion for older people's services; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul>
		R2 Improve strategic planning and better coordinate activity for services to older people by: <ul style="list-style-type: none"> <li>• ensuring comprehensive action plans are in place that cover the work of all relevant Council departments and the work of external stakeholders outside of health and social care; and</li> <li>• engaging with residents and partners in the development of plans, and in developing and agreeing priorities.</li> </ul>
		R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.

Date of report	Title of review	Recommendation
October 2015	<p><b>Supporting the Independence of Older People: Are Councils Doing Enough?</b></p>	<p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> <li>• setting appropriate measures to enable members, officers and the public to judge progress in delivering actions for all Council services;</li> <li>• ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and</li> <li>• establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.</li> </ul> <p>R5 Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by:</p> <ul style="list-style-type: none"> <li>• setting out how changes to services or cuts in budgets will affect groups with protected characteristics;</li> <li>• quantifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative effect on groups with protected characteristics;</li> <li>• indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and</li> <li>• ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them.</li> </ul> <p>R6 Improve the management and impact of the Intermediate Care Fund by:</p> <ul style="list-style-type: none"> <li>• setting a performance baseline at the start of projects to be able to judge the impact of these over time;</li> <li>• agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund, to judge which are having the greatest positive impact and how many schemes have been mainstreamed into core funding; and</li> <li>• improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	Delivering with less – Leisure Services	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> <li>• setting an agreed Council vision for leisure services;</li> <li>• agreeing priorities for leisure services;</li> <li>• focusing on the Council’s position within the wider community sport and leisure provision within the area; and</li> <li>• considering the potential to deliver services on a regional basis.</li> </ul>
		<p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council’s agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> <li>• the availability of capital and revenue financing in the next three-to-five years;</li> <li>• options to improve the commercial focus of leisure services;</li> <li>• opportunities to improve income generation and reduce Council ‘subsidy’;</li> <li>• a cost-benefit analysis of all the options available to deliver leisure services in the future;</li> <li>• the contribution of leisure services to the Council’s wider public health role;</li> <li>• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;</li> <li>• the impact of different options on groups with protected characteristics under the public sector equality duty; and</li> <li>• the sustainability of service provision in the future.</li> </ul>
		<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, members and citizens to judge inputs, outputs and impact. This should cover Council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> <li>• capital and revenue expenditure;</li> <li>• income;</li> <li>• Council ‘subsidy’;</li> <li>• quality of facilities and the service provided;</li> <li>• customer satisfaction;</li> <li>• success of ‘new commercial’ initiatives;</li> <li>• usage data – numbers using services/facilities, time of usage, etc; and</li> <li>• impact of leisure in addressing public health priorities.</li> </ul>
		<p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> <li>• regularly reporting performance to scrutiny committee(s);</li> <li>• providing elected members with comprehensive information to facilitate robust decision-making;</li> <li>• benchmarking and comparing performance with others; and</li> <li>• using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.</li> </ul>



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# Cyngor Sir Ddinbych Denbighshire County Council

## Adroddiad Gwella Blynyddol Annual Improvement Report

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# Cyfranwyr Aseiad Perfformiad Performance Assessment Contributors

- *Y Cyngor – Adroddiad Perfformiad 2014-15.*
- *Swyddfa Archwilio Cymru – hunanasesiad y Cyngor a gwaith maes gan SAC.*
- *AGGCC – gofal cymdeithasol.*
- *Estyn.*
- Council – 2014-15 Performance Report.
- WAO – Council’s self-evaluation + fieldwork undertaken by WAO
- CSSIW - social care.
- Estyn.



## CASGLIAD CYFFREDINOL OVERALL CONCLUSION

*Mae'r Cyngor, gyda  
threfniadau rheoli a  
chraffu ariannol cadarn,  
yn parhau i wneud  
cynnydd o ran cyflawni  
gwelliannau yn y rhan  
fwyaf o'i feysydd â  
blaenoriae*

**The Council, with sound  
financial management and  
scrutiny arrangements,  
continues to make  
progress in delivering  
improvements in most of  
its priority areas**



# Canfyddiadau Aseiad Perfformiad Performance Assessment Findings

*Yn gyffredinol, gwnaeth y  
Cyngor gynnydd da o ran  
mynd i'r afael â  
thangyflawni a gofnodwyd  
yn y gorffennol, ac mae'n  
parhau i ddarparu  
gwasanaethau o ansawdd  
uchel ond erys pryderon  
ynghylch diogelu oedolion  
sy'n agored i niwed*

**Overall, the Council made good progress in addressing previously reported underperformance and it continues to deliver high-quality services but concerns remain in relation to safeguarding vulnerable adults**



# Canfyddiadau Aseiad Perfformiad

## Performance Assessment Findings

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- Gwerthusiad Estyn o berfformiad ysgolion
- Gwerthusiad Comisiynydd y Gymraeg o berfformiad Sir Ddinbych
- Yn gyffredinol, mae gwasanaethau cymdeithasol y Cyngor yn perfformio'n dda ond mae diogelu oedolion sy'n agored i niwed ac ansawdd llawer o asiantaethau gofal cartref yn parhau i beri pryder
- Mae'r Cyngor yn parhau i lunio gwerthusiadau cytbwys a hyddysg o'i berfformiad ac yn cydymffurfio â Mesur Llywodraeth Leol 2009
- Estyn's evaluation of school performance
- Welsh Language Commissioner's evaluation of Denbighshire's performance
- Overall, the Council's social services perform well but safeguarding vulnerable adults and the quality of many domiciliary care agencies continues to be a concern
- The Council continues to produce well informed balanced evaluations of its performance and complies with the Local Government Measure 2009



# Canfyddiadau Aseiad Perfformiad

## Performance Assessment Findings

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SWYDDFA ARCHWILIO CYMRU

Page 102

- Mae dangosyddion cenedlaethol a safonau perfformio'r Cyngor ei hun yn parhau i roi darlun cywir o berfformiad  
Gwnaed cynnydd da wrth fynd i'r afael â'r tangyflawni blaenorol a gofnodwyd wrth ddarparu tai fforddiadwy a datblygu strategaeth tai Cyngor newydd
- Mae'r Cyngor wedi mabwysiadu modelau amgen o ddarparu gwasanaethau ac ond newydd ddechrau datblygu fframwaith strategol priodol a trefniadau monitro a chraffu ar berfformiad
- National indicators and the Council's own performance standards continue to present an accurate picture of performance
- Good progress has been made in addressing the previously reported underperformance in the provision of affordable housing and developing a new Council housing strategy
- The Council has adopted alternative models of service delivery but it has only just started to develop an appropriate strategic framework and performance monitoring and scrutiny arrangements



## Defnydd o adnoddau Use of Resources

*Mae gan y Cyngor  
drefniadau rheoli ariannol  
priodol ond mae  
angen iddo atgyfnerthu ei  
ddull o gynhyrchu incwm*

**The Council has  
appropriate financial  
management  
arrangements but needs  
to strengthen its approach  
to income generation**



## Defnydd o adnoddau Use of Resources

- Page 104
- Mae cynlluniau a threfniadau'r Cyngor ar gyfer cyflawni arbedion yn y dyfodol yn addas at y diben ac maent yn cael eu rheoli'n effeithiol
  - Mae gan y Cyngor reolaethau effeithiol ar waith i sicrhau bod ei brosesau a'i reolaeth ariannol yn gadarn, ond mae angen iddo atgyfnerthu ei ddull o gynhyrchu incwm
  - Mae gan y Cyngor drefniadau cadarn ar gyfer adolygu a herio perfformiad ariannol a chaiff y rhai sy'n gyfrifol am reoli perfformiad ariannol eu dwyn i gyfrif
  - The Council's future plans and arrangements to deliver savings are fit for purpose and are being effectively managed
  - The Council has effective controls in place to ensure its financial processes and management are robust, but needs to strengthen its approach to income generation
  - The Council has robust arrangements for reviewing and challenging financial performance and those responsible for managing financial performance are held to account





# Llywodraethu Governance

Mae trefniadau craffu'r  
Cyngor yn ategu proses  
gwneud penderfyniadau  
gadarn ac mae prosesau  
corfforaethol digonol  
ganddo i ymateb i  
adroddiadau ac  
argymhellion gan  
reoleiddwyr allanol

The Council's scrutiny  
arrangements support  
sound decision making and  
it has adequate corporate  
processes for responding to  
reports and  
recommendations from  
external regulators



## Llywodraethu Governance

- Mae trefniadau craffu'r Cyngor yn ategu proses gwneud penderfyniadau gadarn, ond mae presenoldeb aelodau mewn cyfarfodydd craffu wedi lleihau'n sylweddol
- Mae gan y Cyngor brosesau corfforaethol digonol ar gyfer ymateb i adroddiadau ac argymhellion gan reoleiddwyr allanol
- The Council's scrutiny arrangements support sound decision making, but there is a significant decline in member attendance at scrutiny meetings
- The Council has adequate corporate processes for responding to reports and recommendations from external regulators



## CASGLIAD CYFFREDINOL OVERALL CONCLUSION

***Mae'r Cyngor, gyda  
threfniadau rheoli a  
chraffu ariannol cadarn,  
yn parhau i wneud  
cynnydd o ran cyflawni  
gwelliannau yn y rhan  
fwyaf o'i feysydd â  
blaenoriae***

**The Council, with sound  
financial management and  
scrutiny arrangements,  
continues to make  
progress in delivering  
improvements in most of  
its priority areas**

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**Report To:** Corporate Governance Committee

**Date of Meeting:** 27<sup>th</sup> April 2016

**Lead Member / Officer:** Councillor Julian Thompson-Hill / Richard Weigh,  
Chief Finance Officer

**Report Author:** Steve Gadd, Chief Accountant

**Title:** Certification of Grants and Returns 2014-15 Denbighshire County  
Council

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**1. What is the report about?**

A report entitled 'Certification of Grants and Returns 2014-15 – Denbighshire County Council' has been prepared by the Wales Audit Office (WAO) and is attached. The report sets out a summary of the key outcomes from WAO's certification work on the Council's 2014/15 grants and returns.

**2. What is the reason for making this report?**

WAO have requested that this internal report is brought on an annual basis to this committee. The report is provided for information.

**3. What are the Recommendations?**

It is recommended that the Committee consider the content of the WAO report. WAO representatives will attend the meeting to answer questions in relation to the report.

**4. Report details**

The WAO report sets out a summary of the key outcomes from WAO's certification work on the Council's 2014/15 grants and returns and is for the internal use of Denbighshire County Council. The report summarises the key findings and recommendations coming out of this work.

The report finds that the Council has adequate arrangements in place for the production and submission of the 2014/15 grant claims.

The main adjustment identified relates to the Housing Revenue Account Subsidy. The amendment of £78,791 was identified by Welsh Government after the claim was initially signed off by WAO. As indicated in the report this figure related to the 2013/14 claim and therefore was a timing issue between financial years and did not result in a loss of subsidy to the Council.

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

Grant Funding is vital in funding expenditure in areas such as education and schools, highways and the environment and regeneration. The WAO report helps give assurance that there are adequate arrangements in place within the Council to administer the grant process.

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

The fees for work undertaken by the WAO in respect of the certification of grants and returns for 2014-15 are included in the report.

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

Not applicable to the recommendations of this report.

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

The broad content of the report has been discussed with the Chief Finance Officer and senior members of the Finance Department.

**9. Chief Finance Officer Statement**

The WAO report on the Council's grants and returns is for internal use by the Council in order to help focus on any areas of risk or weakness. It is pleasing to note that the report concludes that the Council has adequate arrangements in place. Recommendations and comments in the report have been reviewed and acted upon where possible. The fees are an existing budget commitment for the authority.

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

The audit process should highlight any significant risks and the management response to addressing or minimising the risk or impact.

**11. Power to make the Decision**

Section 151 of the Local Government Act 1972 requires that the council has proper financial management arrangements in place. Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns.



WALES **AUDIT** OFFICE  

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SWYDDFA **ARCHWILIO** CYMRU

# Certification of Grants and Returns 2014-15

## **Denbighshire County Council**

**Audit year 2014-15**

**Issued: February 2016**

**Document reference 158A2016**

# Status of report

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This document has been prepared for the internal use of Denbighshire County Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Auditor General, staff of the Wales Audit Office and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

The team who delivered the work comprised Derwyn Owen, Anthony Veale, Gareth Evans and other members of the Wales Audit Office team.



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# Summary

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1. Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter). We undertook our work with the aim of certifying individual claims and to answer the question:  
**‘Does Denbighshire County Council (the Council) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?’**
2. We have completed the audit and conclude that the Council has adequate arrangements in place for the production and submission of its 2014-15 grant claims. We have made two recommendations and are continuing to work with the Council to make further improvements in readiness for the 2015-16 grant claim certification audit.
3. For 2014-15 we certified 14 grant claims with a total value of £81 million; this compares to 19 grant claims with a value of £90 million for 2013-14.
4. Overall, the outcome of our grant certification audits was a net decrease in grant entitlement of £84,537 as set out below.
5. The results of our work also highlighted that:
  - three of the 14 grant claims (21 per cent) were qualified, which compares with three claims (16 per cent) that were qualified in 2013-14; and
  - three of the 14 grant claims (21 per cent) were amended, which compares with six claims (31 per cent) in 2013-14.
6. The year-on-year comparisons in point 5 above should be read in the context of Welsh Government having revised the criteria for qualification for 2014/15, with financial amendments totalling less than £10,000 per grant no longer requiring qualification.
7. We acknowledge the Council’s assistance and co-operation during the audit.

# Headlines

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<b>Introduction and background</b>	<p><b>This report summarises the results of work on the certification of the Council's 2014-15 grant claims and returns.</b></p> <ul style="list-style-type: none"><li>• As appointed auditors of the Council, we are asked on behalf of the Auditor General, to certify grant claims made by the Council.</li><li>• For 2014-15, we certified 14 grants with a total value of £81 million, compared with 19 grant claims for 2013-14 with a value of £90 million.</li><li>• We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.</li></ul>
<b>Timely receipt of claims</b>	<p><b>Our analysis shows that 12 out of the 14 grant claims received during the year were received by the audit deadline (14%). The late submission of two claims did not affect our audit work.</b></p>
<b>Certification results</b>	<p><b>Of the 14 claims audited, three were qualified (21%), which compares with three claims (16%) qualified during 2013-14.</b></p> <ul style="list-style-type: none"><li>• Detailed information regarding the specific qualification issues are set out on pages 8 and 9, and in the individual grant qualification letters sent to both the DCC grant administrator and the paying department.</li></ul>
<b>Audit adjustments</b>	<p><b>Adjustments were necessary to three of the Council's grants:</b></p> <ul style="list-style-type: none"><li>• There was one significant adjustment to the HRA Subsidy claim of £78,791.</li><li>• The net adjustment of the two other grants amended is a net decrease of £5,746.44 in grant entitlement to the Council.</li></ul>
<b>The Council's arrangements</b>	<p><b>There is some scope to improve the arrangements in place for the production and submission of grant claims.</b></p> <p>We have provided the Council with:</p> <ul style="list-style-type: none"><li>• a grants checklist template that, if completed with appropriate working papers at the point of collating the grants returns, will ensure consistency and further strengthen the Council's arrangements with regard to grants; and</li><li>• two recommendations which are detailed on page 11 of this report.</li></ul>

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**Fees**

**Our overall fee for certification of grants and returns for 2014-15 is £71,542 (2013-14) - £89,658).**

Our overall fee for the audit and certification of all of the Council's grants and returns for 2014-15 is £71,542.

In our Audit Plan reported to the Corporate Governance Committee in March 2015, we estimated that for 2014-15, we would audit in the region of between 15 and 20 grant claims with an estimated fee of between £75,000 and £80,000. We will provide a further estimate to the Corporate Governance Committee for our 2015-16 grants work in the Spring of 2016.

# Summary of Certification Work Outcomes

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8. Detailed on the following page is a summary of the key outcomes from our certification work on the Council's 2014-15 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
9. A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

## Key information for 2014-15

**Overall, we certified 14 grants and returns:**

**Ten** were unqualified with no amendment.

**Two** were unqualified but required some amendment to the final figures.

**Two** required a qualification to our audit certificate.

**One** was qualified and required some amendment to the final figures.

Ref – Para 8	Grants and returns	Claim value (£000)	Claim due	WAO received date	Received on time	Qualified certificate	Amended certificate	Significant adjustment (>£10,000)	Minor adjustment (<£10,000)
1 BEN01	Housing and Council Tax Benefits	£34,243	30/04/15	27/04/15	Yes	Yes	No	N/A	N/A
2 EDU18	21st Century Schools 2014-15	£3,848	30/09/15	29/09/15	Yes	No	No	N/A	N/A
3 EDU18	Transitional School Buildings Improvement Grant	£548	30/09/15	29/09/15	Yes	No	No	N/A	N/A
4 EYC01	Flying Start Revenue	£1,921	30/09/15	30/09/15	Yes	Yes	Yes	N/A	-£5,746
5 EYC02	Flying Start Capital	£107	30/09/15	29/09/15	Yes	No	No	N/A	N/A
6 EYC14	Families First Revenue	£1,302	30/09/15	30/09/15	Yes	No	No	N/A	N/A
7 HOU03	HRA Subsidy	£3,119	30/09/15	06/10/15	No	No	Yes	-78,791	N/A
8 LA01	National Non-domestic Rates Return	£20,091	29/05/15	05/06/15	No	No	No	N/A	N/A
9 LA12	Sustainable Waste Management	£2,202	30/09/15	16/09/15	Yes	No	No	N/A	N/A

Ref – Para 8	Grants and returns	Claim value (£000)	Claim due	WAO received date	Received on time	Qualified certificate	Amended certificate	Adjustment (>£10,000)	Adjustment (<£10,000)
10 LD02	Land Drainage Flood Defences	£3,200	30/09/15	08/09/15	Yes	No	No	N/A	N/A
11 PEN05	Teachers Pensions Return	£8,177	28/05/15	28/05/15	Yes	No	No	N/A	N/A
12 TRA15	Local Transport Fund	£264	30/09/15	22/09/15	Yes	Yes	No	N/A	N/A
13 SOC 07	Social Care Workforce Development Programme	£143	30/09/15	24/09/15	Yes	No	No	N/A	N/A
14 TRA23	Free Concessionary Travel	£1,833	30/09/15	30/09/15	Yes	No	No	N/A	N/A
	<b>Total</b>							<b>-£78,791</b>	<b>-£5,746</b>

10. This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 8 to 9.

Ref	Summary observations	Amendment
1	<p><b>BEN01 Housing Benefit and Council Tax Subsidy</b></p> <p>The Housing Benefit and Council Tax Subsidy claim was qualified in respect of the process for reconciling benefit paid to benefit granted and an input error relating to the rental figure that affected one claim. No amendment was required.</p>	£0
2	<p><b>EYC01 Flying Start Revenue</b></p> <p>The Flying Start Revenue claim was qualified and amended for the reasons outlined below:</p> <ul style="list-style-type: none"> <li>• The apportionment basis used to allocate grant to fund Bookstart Universal classes was found to be based on historical calculations and was unsubstantiated.</li> <li>• We were unable to substantiate the apportionment basis used to charge management time to the grant.</li> <li>• Although requested and reflected in subsequent allocations, the Council did not receive the required Welsh Government approval to move in excess of 10% of grant funding within budget categories.</li> </ul>	-£5,746
3	<p><b>TRA15 Local Transport Fund</b></p> <p>The Local Transport Fund was qualified as we identified that following a tender appraisal process, the Council awarded a contract for works with a value of £511,000 to the lowest tender. The process for then awarding the contract did not comply with the Council's Contract Procedure Rules as it was not properly authorised by an officer or member with the appropriate authority. Furthermore, the Council was unable to locate a copy of the contract.</p>	£0
4	<p><b>HOU03 Housing Revenue Account Subsidy</b></p> <p>The HRA subsidy claim was amended at the request of Welsh Government to remove a figure that related to the 2013/14 subsidy claim. This was a timing issue between financial years and did not result in a loss of subsidy to the Council.</p>	-£78,791
	<b>Total effect of amendments to the Council</b>	<b>-£84,537</b>



# Recommendations

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12. The recommendations arising from our work are set out below.

R1 Specifically in relation to the Flying Start Revenue grant:

- Any apportionment basis applied to allocate grant funding should be reviewed annually to ensure that amounts charged to grant are an accurate reflection of time/cost incurred and that the basis for apportionment is relevant.
- Approval from Welsh Government must be received in accordance with the conditions of the grant **before** any virement of grant funding exceeding 10% of the budget category is actioned.

R2 The Council must ensure that all staff with responsibility for opening and appraising tenders and subsequently awarding contracts, fully comply with the Council's Contract Procedure Rules.

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**Report To:** Corporate Governance Committee

**Date of Meeting:** 27<sup>th</sup> April 2016

**Lead Member / Officer:** Councillor Julian Thompson-Hill / Richard Weigh,  
Chief Finance Officer

**Report Author:** Steve Gadd, Chief Accountant

**Title:** Budget Process 2017/18

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**1. What is the report about?**

The report provides an update on the process to deliver the revenue budget for 2017/18.

**2. What is the reason for making this report?**

The Corporate Governance Committee has an oversight role of the budget process. It was the view of the Committee at the last meeting that the process should have more member engagement at an early stage. It was agreed to make the following amendments to the budget timetable:

- To take the paper on the proposed budget process to Group Leaders on the 4<sup>th</sup> April.
- To add a further update to a Council Briefing agenda scheduled for 6<sup>th</sup> June 2016.

The revised budget process is included as Appendix 1.

**3. What are the Recommendations?**

To consider the budget process and comment as appropriate.

**4. Report details**

As agreed at the last Corporate Governance Meeting the proposed budget process was presented and discussed at the Group Leaders meeting held on 4<sup>th</sup> April. Initial feedback has been positive however Group Leaders have been given the opportunity to further discuss the proposals with colleagues and feedback comments by 15<sup>th</sup> April. A verbal update can be given at the meeting regarding any issues arising from any feedback which is received.

A revised budget process is included as Appendix 1 and the key assumptions and principles are re-produced below.

**Key Assumptions Informing Development of MTFP**

- **Government Funding** – the assumption is that RSG will continue to reduce as WG continue to protect NHS and other areas at the expense of local

government. The current estimate is for a 1.5% reduction in funding (reduction of 1.2% in 16/17) based on the Autumn Statement and work carried out by the WLGA.

- **Local Funding** – As in the previously published MTFP the assumed Council tax rise is 2.75%. Harmonisation with other councils is likely to be a more prevalent issue in future.
- **Schools Protection** - If the ministerial pledge continues in its current form beyond the election and the council complies, the level of increase to schools budgets will be +1.93% in 17/18 which is more than double the original planning assumption for 16/17 (which was based on +0.9%). In addition, pupil demography goes up in 17/18 (after three years of reduction) with a potential cost of £656k. Since the introduction of school protection, schools have funded all pay and related cost increases.
- **Pay and Pensions** - Pay award assumptions are an average of +1%. Costs for pension increases are built in but negotiations with actuaries ongoing to test the possibility of freezing levels for the next three years.
- **Other Corporate Pressures** - Includes Fire Levy, members' costs, insurance premiums, CTRS, energy costs, etc.
- **Specific Pressure within Social Care** – It is likely some recognition of growing pressures in this area will need to be included though it is assumed the service will fund some of this through reinvesting efficiency savings.
- **Use of Balances** - As balances have not been required to the extent allowed for in the 15/16 budget, additional funding could be provided in 17/18 without reducing balances beyond the levels anticipated when the 15/16 budget was set.

### **Principles of the 2017/18 Budget Process**

- **2017/18 Budget** – The process will concentrate on delivering a balanced budget for 2017/18 and Members will not be asked to approve savings for future years, although some savings will have an ongoing impact.
- **Collation of data** – Finance have developed a suit of forms that services will be expected to complete to inform the budget process and facilitate decision-making. In particular the forms will allow for the identification of efficiency savings, options to reduce service levels and budgets, specific service pressures, use of service reserves and the fees and charges policies within the service.
- **Efficiency Target** – It is likely that services will be given a modest efficiency saving target (e.g. 1%) which all services will be expected to deliver through genuine efficiency savings (i.e. not relating to a reduction in service level or increase in charges).
- **Saving Target** – The efficiency target is unlikely to be sufficient to balance the budget so an additional savings target for the Council will also be calculated and budget proposals will be developed to meet the target. . The

target is likely to exceed the projected budget gap to allow Member choices to be made in balancing the budget. It is recognised that a number of these suggestions may involve transformational projects which may well involve reduction in service levels or service delivery methods. Some of the proposals will be those that were brought forward under Freedoms & Flexibilities but were not required to balance the 2016/17 budget.

- **Budget Proposals** - For each proposal made there will be a sheet that will capture more detail about the proposal, the possible impact (equalities, jobs, service quality, locality, language etc.), risks and project management requirements (i.e. whether the proposal is likely to become a project and how it would be managed). There will also need to be some assessment of impact in respect of the Wellbeing of Future Generations Act though the exact requirements around this need to be developed further.
- **Budget Timetable** – The timetable summarise the following four stages of the budget process:
  - 1) Define and develop the process
  - 2) Identify initial proposals
  - 3) Consult on and finalise proposals
  - 4) Final approval stages

All stages allow for consultation and engagement with the relevant stakeholders.

**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?**

Based on current assumptions around funding and cost pressures there is a forecast budget gap for 2017/18 of £4.4m.

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

An EqIA has been or will be completed for all relevant proposals.

**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.

Appendix 1 summarises the proposed budget process for 2017/18 and highlights key consultation periods during the four stages of the process from defining the process, identifying and finalising proposal through to the final approval stages. Consultation will take place with the Corporate Governance

Committee, CET, SLT, Cabinet Briefing, Council Briefing, Member Workshops and Trade Unions. Specific proposals will require further consultations with specific stakeholders which will be identified by services in the proposal templates.

## **9. Chief Finance Officer Statement**

The aim of the budget process is to ensure that the council delivers a balanced budget. The uncertainty over the level of financial settlements in recent years has made financial planning in already difficult circumstances even more challenging. Whilst the revenue settlement for 2016/17 was better than the council had been led to believe and this is clearly welcomed, there is still a lack of any meaningful financial planning indications for the future. It is hoped that this will be addressed following the elections in May 2016 as the uncertainty and variations from year to year that have been the norm since 2013 pose a significant risk to the delivery of future budgets.

Although the precise levels are not known it is likely that funding reductions to local authorities in Wales will continue in the medium term and while the council will always endeavour to be more efficient to save money, this in itself may not be sufficient in future years. Budget decisions will get harder and will probably require a longer lead-in time to deliver.

The proposed budget process for 2017/18 will help deliver a balanced budget and will enable the council to take account of key funding assumptions, service pressures, levels of cash reserves and the levels of fees and charges within the Council.

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

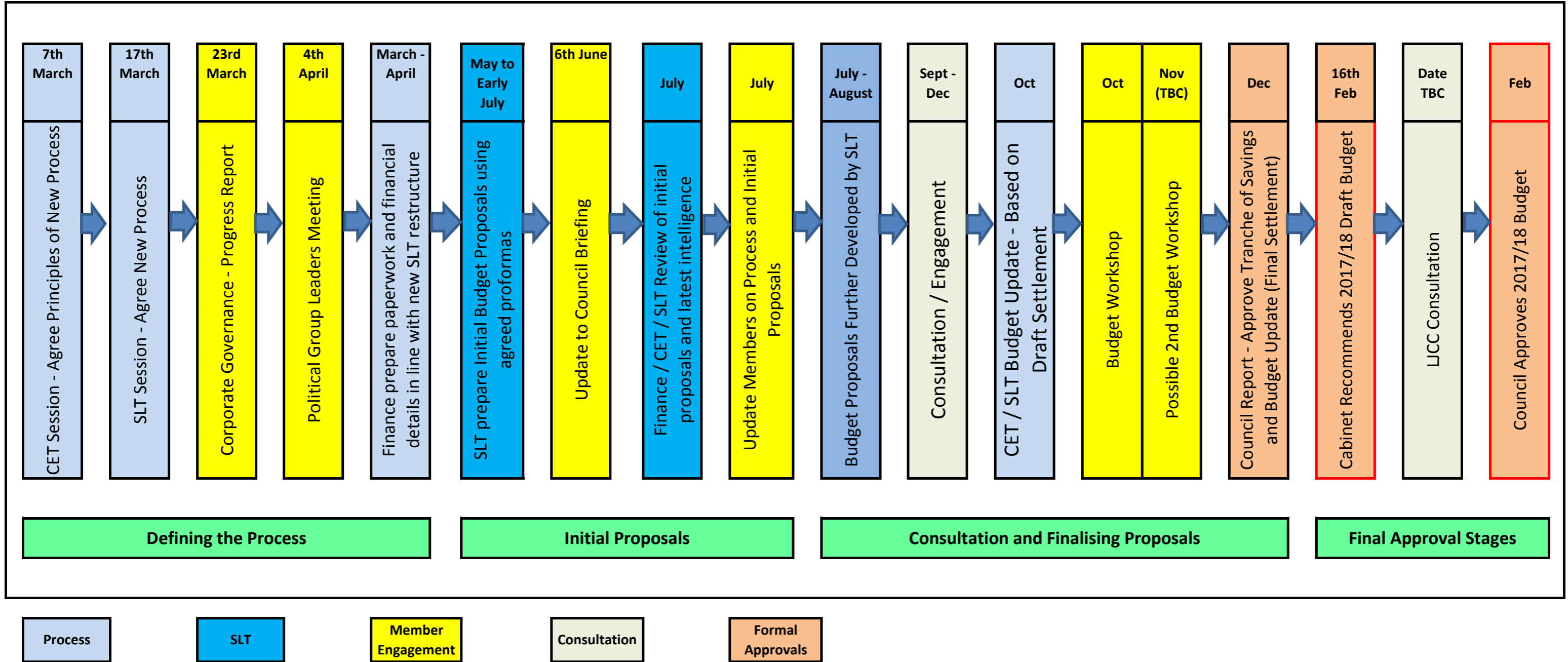
The budget process itself is a risk management measure with the aim of identifying, assessing and agreeing budget proposals in a planned and timely way.

## **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 2017/18**

**BUDGET OVERSIGHT - Monthly Updates to CET, Corporate Governance Committee & Cabinet Briefing**



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<b>Report To:</b>	Corporate Governance Committee
<b>Date of Meeting:</b>	27 April 2016
<b>Lead Member / Officer:</b>	Julian Thompson-Hill – Lead Member for Finance, Corporate Plan & Performance Ivan Butler – Head of Internal Audit
<b>Report Author:</b>	Ivan Butler – Head of Internal Audit
<b>Title:</b>	Internal Audit Annual Report 2015-16

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- 1. What is the report about?**

This report provides the Committee with the Internal Audit Annual Report for 2015-16 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 2015-16 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?**

Not applicable - there is no decision required with this report.
- 6. What will it cost and how will it affect other services?**

Not applicable - there is no decision required with 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**  
Not applicable - there is no decision required with this report.
- 8. What consultations have been carried out with Scrutiny and others?**  
Not applicable - there is no decision required with this report.
- 9. Chief Finance Officer Statement**  
Not applicable - there is no decision required with this report.
- 10. What risks are there and is there anything we can do to reduce them?**  
Not applicable - there is no decision required with this report.
- 11. Power to make the Decision**  
Not applicable - there is no decision required with this report.



# Internal Audit Annual Report 2015-16

**Ivan Butler MBA, CMIIA**  
**Head of Internal Audit Services**

**April 2016**

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## Introduction and background

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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 2015-16

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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.

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

The HIA has based his 2015-16 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 2015-16.

## 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 29 audit opinions during the year, categorised as follow:

<b>Green</b>	High Assurance	8
<b>Yellow</b>	Medium Assurance	14
<b>Amber</b>	Low Assurance	7
<b>Red</b>	No Assurance	0

Although the majority of opinions were either 'high' or 'medium', this year saw a significant increase in 'low' assurance ratings from only one in 2014/15 to seven in 2015/16. At this stage it is too early to assess whether there is a trend emerging.

During the year, IA provided the following audit opinions:

Area of Work	Status of Project	Assurance Rating	Comments
Ruthin-based financial services - Activedata testing	Complete	<b>Medium</b>	Report included within main financial systems report 2014/15.
Ruthin-based financial services - annual assurance	Draft report	<b>Medium</b>	
Revenues services (Civica)	Complete	<b>Medium</b>	
Housing rents	Complete	<b>High</b>	
WG 6th Form Funding/PLASC - Ysgol Dinas Bran, Llangollen	Complete	<b>High</b>	
WG 6th Form Funding/PLASC - Ysgol Brynhyfryd, Ruthin	Complete	<b>High</b>	
WG 6th Form Funding/PLASC - Ysgol Glan Clwyd, St.Asaph	Complete	<b>High</b>	
WG 6th Form Funding/PLASC - Denbigh High School	Complete	<b>Medium</b>	
WG 6th Form Funding/PLASC - St. Brigid's School, Denbigh	Complete	<b>High</b>	
WG 6th Form Funding/PLASC - Prestatyn High School	Complete	<b>High</b>	

Area of Work	Status of Project	Assurance Rating	Comments
West Rhyl Coastal Defence Scheme	Complete	Low	
Governance assurance - Part 2 reports	Complete	Medium	
Cashiers / income / banking controls	Complete	Medium	Report issued relates to leisure services.
IT identity access management	Draft report	Medium	
Security of information	Complete	Low	Office walk-round. Reporting through Middle Managers
IT cost management	Complete	Medium	
School themed reviews - school funds	Draft report	Low	
Corporate safeguarding	Complete	Low	
Sickness absence	Complete	Medium	
Gas maintenance contracts	Complete	High	
Paris financials	Complete	Medium	
Street works	Complete	Medium	
Building cleaning	Complete	High	
Corporate fleet management	Complete	Low	
Development management	Complete	Medium	
Ysgol Mair, Rhyl	Complete	Low	
HR Management in schools	Complete	Medium	
School theme - IT & information management	Draft report	Low	
Rhyl One Stop Shop	Complete	Medium	



## 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 2014/15, the HIA carried out a self-assessment of the IA service against the PSIAS. Overall, the service fully complied with the majority of the Standards and elements of the Code of Ethics, and at least partially conformed to all others. The resulting action plan was fully implemented during 2015/16 to address areas of improvement identified during the self-assessment.

A full external assessment will be carried out of the IA service's compliance with PSIAS during 2016/17 and the results reported to Corporate Governance Committee.

## 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 94% of ‘Statutory Assurance’ projects during the year, with just one project, Risk Management, not completed to draft report stage. This project is in progress and will be completed early in 2016/17.

The service achieved 100% in all categories of its customer standards performance.

Statutory Assurance – target 100%
Review of agreed Statutory Assurance areas in IA Assurance Plan for the Annual IA Report
Actual performance 94%, with one project in progress but not completed to draft report in stage
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 100%
Send the customer a draft report within 10 working days of the closing meeting
Actual performance for the year was 100%
Send the customer our final audit report within 5 working days of agreeing the draft
Actual performance for the year was 100%

<b>Report To:</b>	Corporate Governance Committee
<b>Date of Meeting:</b>	27 April 2016
<b>Lead Member / Officer:</b>	Julian Thompson-Hill – Lead Member for Finance, corporate Plan and Performance Ivan Butler – Head of Internal Audit
<b>Report Author:</b>	Ivan Butler – Head of Internal Audit
<b>Title:</b>	Internal Audit Annual Assurance Plan 2016-17

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- 1. What is the report about?**

This report provides the Committee with the Internal Audit Annual Assurance Plan for 2016-17. The Plan 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 plans.
- 3. What are the Recommendations?**

The Committee endorses the Internal Audit Annual Assurance Plan 2016-17 (Appendix 1)
- 4. Report details**

The Plan in Appendix 1 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.

The proposed plan of work will allow the Head of Internal Audit to provide an overall ‘opinion’ in his annual report for 2016-17. This Committee will receive regular information reports on progress with delivery of the Plan.
- 5. How does the decision contribute to the Corporate Priorities?**

There is no decision required with this report. There is no direct contribution to the Corporate Priorities, but some projects in the Plan will review Corporate Priority areas and will provide assurance on their delivery.
- 6. What will it cost and how will it affect other services?**

Not applicable - there is no decision or 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 management teams of all services 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**  
Not applicable - there is no decision required with this report.

# **Internal Audit Annual Assurance Plan 2016-17**

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

**April 2016**

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## Background to the Service

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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 within 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.

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### 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.

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### 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 restructured over the last year to make the service more streamlined and efficient as part of the Council's efficiencies programme. 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 Annual Assurance Plan 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.

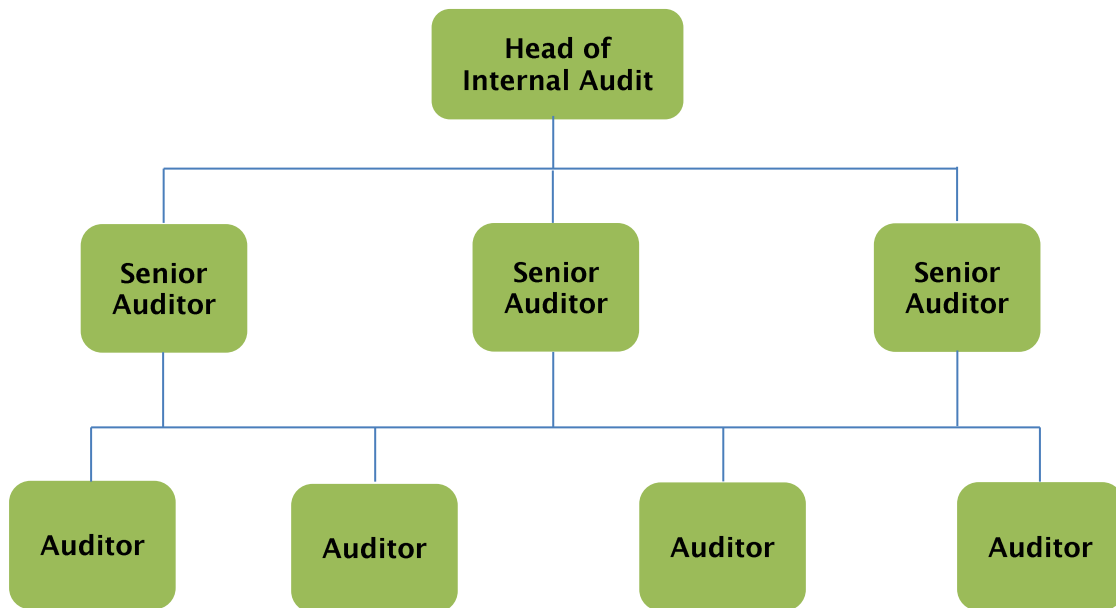
The HIA may also provide assurance to other organisations that work in partnership with the Council if the internal audit service has carried out work in that area of service, particularly if the other organisation is the lead partner.



## Service Structure

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The 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 has significantly reduced costs but has improved the team's efficient and communication channels.



## Internal Audit Annual Plan 2016/17

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
<b>Corporate Priorities Assurance</b>						
Developing the local economy	20		■	■	■	Review of performance and delivery of objectives and Economic and Community Ambition Programme
Improving performance in education & the quality of our school buildings	15		■	■	■	Review of performance and delivery of objectives and Modernising Education Programme
Improving our roads	15		■	■	■	Review of performance and delivery of improvements to highways
Vulnerable people are protected and are able to live as independently as possible	10		■	■	■	Continuing review of corporate safeguarding
Ensuring access to good quality housing	10		■	■	■	Review Housing Strategy Action Plan delivery
Modernising the Council to deliver efficiencies and improve services for our customers	20		■	■	■	Review delivery of Modernisation Programme - including review of Office Accommodation Project
<b>Corporate Risks Assurance</b>						
Corporate risk management	9	■	■	■	■	Review various high risks from the Corporate Risk Register not covered during other Internal Audit Projects
<b>Corporate Programmes and Projects Assurance</b>						
Digital Choice - Getting the Council Ready	10	■	■	■	■	Review management and delivery of project
Review of corporate use of Verto	10		■	■	■	Review efficiency and consistency of use of corporate system for performance, risk and project management
Well-being of Future Generations Act Programme	20		■	■	■	Review of the Council's overall implementation plus contingency for work required within specific workstreams

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
Modernising Social Services and Enhancing Well-being	10		■	■	■	Review implementation of new act in social services
Ruthin Area Review - New Area School for Ysgol Carreg Emlyn	5	■	■	■	■	Review management and delivery of project
Ruthin Area Review - Ruthin Town School Modernisation	5	■	■	■	■	Review management and delivery of project
Ruthin Review - New Area School for Llanfair DC & Pentrecelyn	5	■	■	■	■	Review management and delivery of project
Contingency for new in-year projects	10					Contingency for further reviews of management and delivery of projects
<b>Corporate Governance Assurance</b>						
Preparation for Corporate Assessment 2016	15		■	■	■	Contingency for any self-assessment work in preparation for the assessment
<b>Alternative Service Provider Assurance</b>						
Revenues services	44	■	■	■	■	Review of monitoring arrangements for Revenues and Benefits service and specific reviews of service areas as per the contract
GwE	15		■	■	■	Annual review of value for money of partnership arrangements
Citizen's Advice Bureau	10	■	■	■	■	Review of governance and monitoring arrangements of the service
<b>Financial Assurance</b>						
Financial services	70	■	■	■	■	Review of key financial services
Housing rents	20	■	■	■	■	Review of key financial areas
<b>Welsh Government Assurance</b>						
Welsh Government education grant certification	15	■		■		Contingency for annual grants audits

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
Welsh Government 6th Form Funding/PLASC	30			■		Annual assurance on PLASC returns for Welsh Government
<b>Corporate Anti-fraud and Corruption Assurance</b>						
Assessment of DCC's compliance with CIPFA's Code of Practice on Managing the Risk of Fraud & Corruption	15	■	■	■	■	Overview of the Council's corporate arrangements, policies, procedures etc.
Catering services	10	■	■	■	■	Continuation of review of financial reconciliation of income from school meals
National Fraud Initiative	40	■	■	■	■	Annual work on data-matching between services and with other public sector organisations
Procurement	20	■	■	■	■	Review of policies, procedures, tendering, testing contract and supply areas to identify price-fixing etc.
Insurances	10	■	■	■	■	Review of insurances processes and procedures and testing a sample of claims
Housing tenancies	20	■	■	■	■	Review of housing tenancies, including data matching to other Council systems to identify potential sub-letting
Contingency	10					General queries, management, administration, National Anti-Fraud Network notifications etc.
<b>Corporate and Service Area Projects</b>						
Policy framework	15		■	■	■	Review of the Council's overall policy framework and how it develops, implements and monitors policies
Identification of new businesses and interventions	7		■	■	■	Request for review of corporate approach and information sharing to identify new businesses in the county
Emergency planning	10		■	■	■	Review of arrangements in place to deal with emergency situations and disaster recovery
Confidentiality and protection of information	5		■	■	■	Continuation of visits to offices to assess security, confidentiality etc.
Records management	15		■	■	■	Corporate review of management and retention of files

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
IT performance and capacity management	15		■	■	■	
IT infrastructure	15		■	■	■	
IT procurement of resources	15		■	■	■	
Rhyl One Stop Shop	20	■		■	■	Review of efficiency of processes for handling, recording, allocating income etc.
School Fund management	10	■		■	■	Continued review and improvement of management of School Funds
Recoupment and out of county placement	20			■	■	Full review of service
Additional learning needs and inclusion	20			■	■	Full review of service
Special education	25			■	■	Review of corporate arrangements and visits to specific sites
Family Support services	15	■		■	■	Review of Families First grant
Third Party Payments	10	■		■	■	Review of substantial payments to third parties and contract monitoring across the whole service
Supporting People	10			■	■	Request for review of processes for efficiency
Outcome-focused commissioning	15			■	■	Request for review of new 'outcome focused commissioning' approach to service delivery
Housing allocations and voids	15			■	■	Request for review of efficiency of dealing with void properties and re-letting
Housing maintenance	25			■	■	Review of management, efficiency and effectiveness of council house repairs service
Schools facilities management	15			■	■	Review of management arrangements for schools maintenance

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
Coastal facilities	10			■	■	Review of key risks relating to harbour
Events	7			■	■	Request for review of risks surrounding events
Community Well-being & Youth Services	7			■	■	Request for contingency days for new service arrangements
Procurement	20	■	■	■	■	Implementation of new procurement strategy and contract procedure rule compliance
Flood risk management	5			■	■	Review of management of key flooding risks
Public transport	15			■	■	Review management and monitoring of public transport contracts
Waste management	8			■	■	Review of grants and contracts management
Registrars	15			■	■	Full service review
Early departures	15	■		■	■	Follow up areas as suggested in WAO national study
Building control	15			■	■	Request for review of service due to changes in systems and capacity
<b>Other Annual Areas</b>						
Follow up reviews	70	■	■	■	■	Contingency for following up actions from previous audit reports
Brought forward projects	50	■	■	■	■	Contingency for completing 2015/16 projects in progress at year-end
<b>DCC Assurance Total</b>	<b>1052</b>					
<b>Externally Funded Work</b>						
North Wales Police contract	200					Final year of three-year contract
School Fund audits	35					Contingency for requests from schools

Area of Work	Plan Days	-----Assurance-----				
		S151	AGS	IA Annual	CET/SLT	Comments
<b>Externally Funded Total</b>	<b>235</b>					
<b>Corporate Support</b>						
Corporate Governance Framework and Annual Governance Statement	15					
Consultancy and corporate areas	50					Contingency for committee meetings, working groups etc.
<b>Corporate Support Total</b>	<b>65</b>					
<b>Internal Audit Support</b>						
IA team meetings, 1:1s, staff appraisals etc.	50					
IA management	60					
IA training and development	50					
<b>Overheads Total</b>	<b>160</b>					
<b>Total Days</b>	<b>1512</b>					

## Service Standards

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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%



<b>Report To:</b>	Corporate Governance Committee
<b>Date of Meeting:</b>	27 April 2016
<b>Lead Member / Officer:</b>	Barbara Smith – Lead Member for Modernisation & Housing Alan Smith – Head of Business Improvement & Modernisation
<b>Report Author:</b>	Ivan Butler – Head of Internal Audit
<b>Title:</b>	Draft Annual Governance and Improvement Statement 2015-16

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**1. What is the report about?**

This report provides the draft self-assessment report on the Council's governance and improvement arrangements for 2015/16.

**2. What is the reason for making this report?**

The report 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 the draft 'annual governance statement' for 2015/16 (Appendix 1).

**4. Report details**

The Annual Governance and Improvement Statement 2015/16 includes a self-assessment of the Council's governance arrangements and shows areas of improvement during the previous financial year. It highlights any weaknesses in an action plan, which this Committee will monitor to ensure implementation of the necessary improvements.

The Committee should note that this is an early draft that is still a work in progress and has a few areas that still need to be added and finalised. The agreed final version will be signed by the Chief Executive and Leader by 30 June 2016 and presented to this Committee with the Statement of Accounts.

**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?**

Not applicable - there is no decision and 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 has been consulted on the draft Statement – no comments received.

**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**

Not applicable - there is no decision required with this report.



# **Annual Governance and Improvement Assessment 2015/16 (Draft)**

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## Introduction

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### Why we carry out 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 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 public confidence 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 2015-16 and identifies any improvements needed to make the arrangements more robust.

### Self-assessment of our governance and improvement arrangements

Within our annual governance review, we are required to carry out a self-assessment of our arrangements, which we combine with our corporate self-assessment showing how we achieve continuous improvement. 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:

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

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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

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## Summary of our governance arrangements

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### Review of effectiveness

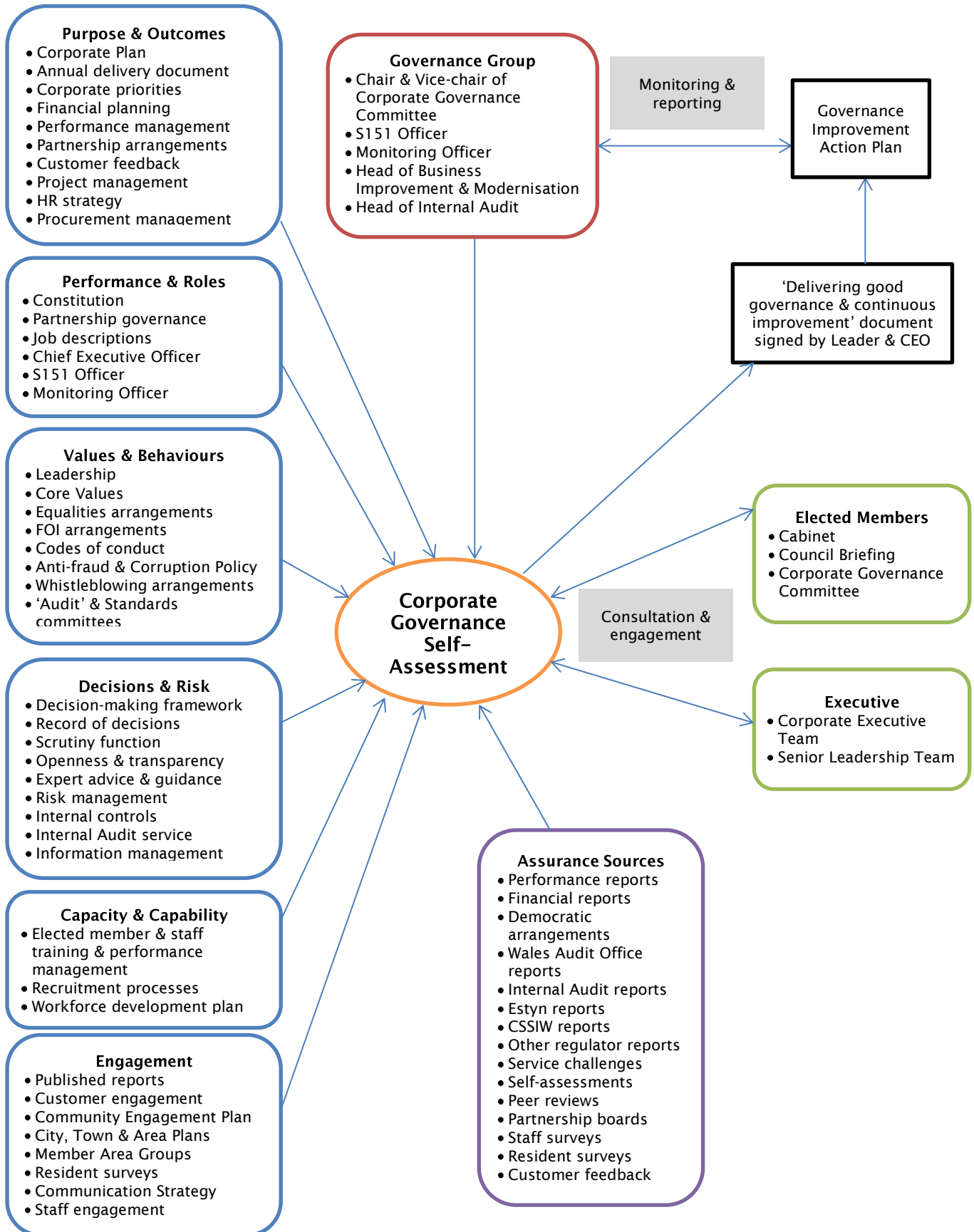
We are required to review the effectiveness of our governance arrangements each year, which includes:

- 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 Corporate Governance Committee that undertakes the core functions of an 'audit committee', including:
  - regular review of our governance arrangements
  - considering and reviewing internal and external audit strategies, plans and reports
  - reviewing, scrutinising and approving the annual statement of accounts
  - monitoring the effectiveness of risk management;
- consulting widely on our self-assessment with senior management and elected members; 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

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### ...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 (WAO) Annual Improvement Report 2015-16 concludes that:

**The Council, with sound financial management and scrutiny arrangements, continues to make progress in delivering improvements in most of its priority areas**

We have clearly stated how our corporate priorities link to our medium-term financial plan and have identified financial and staffing resources to support delivery of our objectives. Over the term of this Council, savings of £28m have been delivered, mostly through efficiency, while at the same time investing in key priorities through the Corporate Plan. There has been a significant degree of internal consultation on budget proposals and we sought residents' views on service cuts. In addition to the detailed impact assessments that were completed for each budget proposal, we have set up an elected member task and finish group to assess the impact of budget decisions on communities. We recognise that the scale of savings that we need to make may not be evenly spread across our services but have robust budget planning processes in place to capture a range of funding scenarios, cost pressures and risks that will allow elected members a range of options to deliver a balanced budget.

The funding picture for the medium term suggests that we may have to continue doing 'less with less' but will still continue to provide vital services. Budget processes will continue to drive out efficiencies and attempt to minimise the impact on service delivery and the Council will always strive to be as efficient as it can be. However, if funding continues to be cut, difficult budget decisions will have to be taken that could also shape the way local services are 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 have reviewed our governance arrangements relating to services provided by alternative service providers (ASPs), for example third party or arms-length service providers. To ensure that we spend public money wisely and that the public continues to receive good services and value for money, we have developed and are beginning to implement, new monitoring arrangements for ASPs to ensure that any services that they provide have robust governance arrangements. We are also implementing scrutiny arrangements to monitor ASPs' financial and operational performance.



One example of this is our revenues and benefits service, which transferred to an ASP at the commencement of 2015/16. The Council's Internal Audit service has since undertaken a thorough review of the governance arrangements and service delivery, concluding that, although some improvements are needed to governance arrangements to bring them into line with the Council's new ASP framework, governance is robust and the services continue to be managed and delivered well under the new arrangements.

We have also reviewed the way we deliver services through our City, 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 the 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 make sure that service users receive a high-quality service and value for money**

We monitor our performance regularly, take regular reports to Scrutiny Committee and Cabinet meetings and produce an Annual Performance Report to evaluate progress. Our performance in the statutory performance indicators is excellent, with 20 in the top half of Welsh local authorities and 14 in the top quartile. We also have the fewest number of performance indicators in the bottom half of performance. We improved or maintained our position in 22 performance indicators, but performance declined in 8 indicators.

Our Service Performance Challenge process 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. The Care and Social Services Inspectorate Wales (CSSIW) and WAO have both commended this approach.

During 2015/16 we developed a new procurement strategy that County Council approved in February 2016, along with new contract procedure rules. This addresses previous weaknesses that Internal Audit identified and that this self-assessment highlighted as a significant governance issue last year. Training is about to be provided to launch the new strategy and contract procedure rules and to raise awareness of the new requirements.

The programme and project management methodologies and the Verto system are working well across the Council. Visibility of projects continues to improve through effective and consistent reporting on our projects to Corporate Executive Team (CET) and various committees. Projects are subject to more scrutiny through Programme Boards and the newly formed Improvement Board, where the viability of the business case continues to be tested. The Programme Office team is currently engaged in some very high profile projects, including the extension and

refurbishment of Ysgol Glan Clwyd, the new high school build in Rhyl and the coastal and waterfront projects in Rhyl and Prestatyn.

The Verto system also incorporates the Council's performance management processes. All service business plans and the corporate and service risk registers are managed 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.

We also receive independent verification of our performance each year from the WAO. Their Annual Improvement Report 2015-16 states that

**Overall, the Council made good progress in addressing previously reported underperformance and it continues to deliver high-quality services but concerns remain in relation to safeguarding vulnerable adults**

This latter comment refers to the CSSIW Performance Evaluation Report 2014-15 that highlighted that, despite increasing capacity for delivering safeguarding for vulnerable adults, we needed to improve performance in relation to Protection of Vulnerable Adults. Internal Audit has since carried out work in this area and found that improvements have been made.

The WAO's report also refers to our progress in trying to ensure a sufficient supply of affordable homes. To address previously reported underperformance, we have reorganised this service and developed a new Housing Strategy that County Council approved in December 2015. The Strategy includes an action plan that will ensure that we make significant progress in increasing the provision of affordable homes in the county over the next five years. *(Final version to include details of WAO audit report on our financial statements for 2015-16)*

Internal Audit's annual service reviews our key financial systems provided positive reports during the year.

The WAO also reported on our financial resilience during the year and found that:

**The Council's future plans and arrangements to deliver savings are fit for purpose and are being effectively managed**

**The Authority has effective controls in place to ensure its financial processes and management are robust, but needs to strengthen its approach to income generation**

**The Council has robust arrangements for reviewing and challenging financial performance and those responsible for managing financial performance are held to account**

## Performing effectively in clearly defined functions and roles

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

Our 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;
- 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.

The Constitution is currently under review, with a new model Constitution to be adopted by Council in June 2016. This will incorporate an updated scheme of delegation reflecting recent structural changes.

Our new framework for delivering services through alternative service providers also ensures that roles and responsibilities for such arrangements are clearly defined, including the role of senior managers and elected members, particularly when representing the Council on boards and committees of these organisations.

### ...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.

During 2015/16, there have been some important changes to our Senior Leadership Team (SLT) structure, due to the loss of three senior managers. Interim arrangements were put in place to manage this period of change. As these arrangements are now coming to an end, a new SLT structure has been put in place

from 1 April 2016 that provides a lean management team that positions the Council well to cope with the future.

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

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### ...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, Financial Regulations and employee appraisal process.

Our leadership sets the tone for the organisation by creating a culture of openness, support and respect. We undertook a staff survey in 2015, which showed that 74% of employees felt that the leadership team had a clear vision for the future, compared to 73% in the 2013 survey. However, the level of confidence in the leadership has dropped considerably from 84% in 2013 to 73% in 2015, which is likely to be an effect of the financial cuts and the associated restructuring and modernisation being undertaken at the time of the staff survey. This same level of reduced confidence was reflected at service level.

During the last 12 months, we have developed a Leadership Strategy encompassing leadership attitudes and behaviours, management skills and a responsibility to create a collective leadership culture and capability. Considerable work has been undertaken with SLT and middle managers to embed the strategy and its values into the culture of the organisation.

We continue to develop and enhance our work on equalities and human rights. Services have become more accountable for their work with people with protected characteristics. Much work has been done with schools to raise levels of awareness and develop plans. This will be the last year of our current Strategic Equality Plan, and we are developing an interim plan for the next two years that will strive to align with the Well-being of Future Generations (Wales) Act 2015. In addition, we have developed and produced a new e-learning module for Equality and Diversity and also for Equality Impact Assessments, as well as our equality web page on the Council's website.

### ...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;
- 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;
- 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);
- 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

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### ...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.

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. The WAO's Annual Improvement Report 2015-16 states that

**The Council's scrutiny arrangements support sound decision making and it has adequate corporate processes for responding to reports and recommendations from external regulators**

However, the WAO report does highlight a significant decline in elected member attendance at Scrutiny Committee meetings that we are looking to address.

### ...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 business intelligence, enhancing decision making processes and transforming how the Council uses data collected across the organisation.

## ...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. The Corporate Governance Committee monitors risk management arrangements and reviews the Corporate Risk Register.

One key risk that we are managing is the significant amount of new legislation affecting the Council and its services. We are preparing for this new legislation in various ways, including:

- Establishment of a board to oversee the review of corporate planning and decision-making frameworks in the Council through a range of work streams designed to help implement the Well-being of Future Generations (Wales) Act 2015. All 11 work streams are progressing, with a view to being delivered by March 2017 at the latest. One elected member training session has been provided, with others planned for 2016/17.
- Developing a programme management approach to the implementation of the Social Services and Well-being (Wales) Act 2014. The programme aims to identify any gaps in compliance with the Act, address these gaps and provide a repeatable test of assurance for future use.
- Planning & Public Protection providing various updates on the implementation of the Planning (Wales) Act 2015 to service users; elected members; and city, town and community councils.
- Establishing a corporate group and 'service champions' to help implement the new Welsh Language Standards.

We have an excellent health and safety record and provide a wide range of training and guidance to support the implementation of our Corporate Health and Safety Policy. The Corporate Health, Safety and Welfare Committee comprises elected members and staff representatives and meets regularly to receive updates on health and safety management corporately and across Council services.

We have an independent and objective internal audit service providing assurance across the whole range of the Council's services, including partnerships and alternative service providers. The Head of Internal Audit's annual report for 2015/16 confirmed that we operate a robust system of financial and operational internal controls.

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

Developments in information management have been continuing throughout 2015/16. The main focus of these developments has been on further reducing information risk and modernising the way we handle information. The

modernisation aspect has concentrated on enabling our transition from paper to digital information and the advantages this provides. Some of the main actions addressed over the last 12 months include:

- A corporate confidential waste solution has been developed and implemented. Most Council buildings and many schools now have secure confidential waste containers that are collected and emptied every four weeks.
- An updated information security policy has been developed and shared with key stakeholders for comments, ready for launching during April 2016.
- In recognition of the positive impact that EDRMS (electronic document records management) is having on our services, the Modernisation Board has recently agreed to extend the project until March 2017. The system is now used by over 650 employees and stores over 2.5 million documents.
- Processes for handling and responding to Access to Information requests have been strengthened to ensure that adequate provision is made to manage this workload. Throughout 2015/16, we consistently answered the vast majority (>90%) of all such requests within their timescale.
- Several datasets have been published on our website to try to reduce the number of information requests that services have to respond to.
- We achieved Public Sector Network (PSN) accreditation for 2015/16.
- A transformation programme in the Archive Service is under way, designed to modernise the service and includes the development of an improved website, which provides access to an online catalogue and digital images of collections. The new website was due to be launched during March 2016.
- A restructure of the Corporate Information Team has created a new Digital Records Bureau that will enable the Council to accelerate its conversion from paper to digital records. The new Bureau will have responsibility for digital conversion activities in support of EDRMS implementations, the digital mailroom, modern record file requests and box deposits.

There is still a lot of work to do, for example:

- Preparing the Council for the new Data Protection Act (to be introduced during 2018).
- Embedding the new Digital Records Bureau (including mailroom).
- Embedding the new information security policies.
- Continuing the transformation of the Archive Service.
- Maximising the Council's investment in EDRMS by fulfilling the project's forward work plan up until March 2017.
- Raising awareness of the Corporate Document Retention Schedule and embedding within 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. *Details to be added when annual report of SIRO produced.*

## 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 we are carrying out significantly more inductions.

Employees receive annual performance appraisals, resulting in training and development plans to help them achieve their objectives and fulfil their roles effectively. There was a significant improvement in appraisal completion rates during 2015/16, with 96% of eligible employees receiving an annual appraisal compared to 88% in 2014/15.

As part of our Leadership Strategy, SLT and middle managers will be required to complete a training needs analysis to identify any gaps in skills and experience, which will feed into their individual training plan.

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'. New Portfolio Profiles have been created for each Cabinet Member that are more user-friendly. They now include Cabinet Members' aligned Corporate Plan Priorities, indicating the measures that have been put in place to achieve the priorities by 2017, together with aligned risks from the Corporate Risk Register.

During their appraisals, Cabinet Members are encouraged to share with the Leader any areas where they feel they have performed well or where they may require additional support. They are asked whether they have any training requirements and are encouraged to complete a Personal Development Plan and an Annual Report. They are also encouraged to attend Scrutiny Committee meetings when possible, in particular when there is a discussion about an item relevant to their portfolio. Prior to Cabinet Member appraisals, the Leader has also introduced an invitation for feedback from SLT so that he can discuss this with the Cabinet Member during the appraisal.

Each year, as part of Academi Wales, the Welsh Government and Welsh Local Government Association works in partnership with the Local Government Association to deliver the Leadership Programme for councillors, which the Institute of Leadership and Management (ILM), the UK's leading awarding body for leadership and management, recognises. Four out of the eight Cabinet Members have completed the programme and, due to the dates of this year's programme

clashing with Cabinet meetings, the invitation was extended to Chairs of Scrutiny and the Council's Chair of Corporate Governance Committee who has enrolled and is due to complete the Programme at the end of March 2016.

Scrutiny Committees and the Corporate Governance Committee produce annual reports on their work to County Council.

We are modernising 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-desking policy and introduced more hot-desking facilities;
- 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 an annual workforce planning exercise with each service to identify their priorities for the coming 12 months. This enables Strategic 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 Strategic HR to develop a Workforce Priority Plan, agreed with SLT. In addition, the data collected from performance appraisals enables Strategic HR to identify corporate people development priorities for the coming 12 months. Throughout the year the HR Business Partners work with Heads of Service and re-prioritise their objectives as necessary.

To help develop potential senior managers of the future, we use Middle Managers Conferences to engage them.

'Yr Hwb' cohort for 2015 has now come to an end, and members of the team were involved in a range of key projects, including Modernisation Programme stakeholder and communication events and also work on Economic and Community Ambition Programme promotion campaigns. Directors and Heads of Service provided mentorship for each of the 'yr Hwb' members. Recruitment for the

new cohort for 'yr Hwb' has not been successful despite the benefits to both the organisation and the individuals so we will deliver a new campaign during early summer, with a fresh approach to recruit into the team.

More of our projects are being delivered from within services, benefiting 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.

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

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### ...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, external regulator work and outcomes;
- involving and consulting external regulators on key decisions that may affect our governance arrangements;
- acting on any improvements that external regulators identify in their reports; and
- presenting external regulator 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.

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. The Strategy and Toolkit is being revised in line with the Well-being of Future Generations Act.

We continue our close liaison with the 37 city, town and community councils within the county through 'cluster' meetings and an annual liaison meeting attended by our CEO, Council Leader and Council Chairman.

We carried out a Residents Survey in 2015, the results of which we plan to use to help inform future service delivery. Response levels (approximately 700) were lower than for previous surveys, due to the fact that we carried out the survey electronically, apart from in schools, to significantly reduce its cost. Lower response rates affect confidence levels in the results but they do show poorer levels of satisfaction than in previous years across a range of survey questions. The

draft results have been collated and reported to our SLT but need further analysis before deciding on the next steps.

Services carry out individual engagement and consultation, usually on a specific issue, for example on our review of schools provision and the future of care homes, and Community Support Services regularly conducts a Feedback Fortnight on its services. Responses received influence current and future delivery of services.

In delivering Denbighshire's Single Integrated Plan (Supporting Independence and Resilience: Denbighshire's Wellbeing Plan 2014-2018) we have undertaken a pilot Asset Based Community Engagement exercise in Corwen, called 'People to People / Pobl y Bobl'. Our learning from this pilot will inform future community engagement exercises.

We have significantly improved our engagement with business over the last 12 months, although we realise that we still have work to do. We have restructured the Economic and Business Development (EBD) team to be more focused on clear priorities and setting the officers with clear expectations for engaging with businesses. The team's three priorities are:

- engagement with businesses;
- co-ordination of quality support and advice for businesses; and
- implementing Economic and Community Ambition (ECA) Programme projects for the benefit of businesses, focused on:
  - digital infrastructure exploitation
  - business advice and support
  - developing economic growth sectors
  - actions to support town centre economic growth
  - investment enquiry handling.

We have also implemented other improvements in business engagement, including:

- The ECA Programme has been developed to deliver the ECA strategy, with a range of key change initiatives that focus primarily on delivering outcomes and benefits for businesses in order to help them stay healthy and grow.
- Face to face contact with businesses has improved consistently as the new EBD team has worked with local businesses to promote events such as 'Small Business Saturday' and 'Support your High Street'.
- This face to face contact and feedback from our 2015 Business Survey has helped us to develop our 'Business Bootcamp' into a series of business focused events - the 'March for Business' programme. These popular business workshops have focused on finance and funding, employment, HR, and social media for business, all of which will be re-run to cater for extra

demand. The programme also offers opportunities for businesses to engage with specific Council service areas in order to develop beneficial relationships.

- The Corporate Director: Economic and Community Ambition the Council Leader have conducted a series of strategic meetings and visits with key businesses across the county. The Leader has also visited several town centre businesses to demonstrate our commitment to supporting the business community and to gather feedback on areas for future improvement.
- Electronic contact has risen significantly with the establishment of a Twitter feed and blog site to communicate with businesses in different ways. Work with other Council services has improved the Council's web content for businesses and case study video clips have been launched through the EBD blog site in support of the Digital Denbighshire project to encourage businesses to exploit the potential of superfast broadband.
- We have implemented a new system to improve our contact database for companies and are looking at how we use it to its maximum. We have used this to regularly notify businesses of our own events and initiatives and those provided by other support organisations. The system has also been used to maintain and develop more productive relationships with key businesses.
- Business engagement in our 'Better Business for All' project has progressed to a virtual stakeholder group more suited to the requirements of business stakeholders in the project. We are now looking to expand the approach to other services that engage with businesses in their day to day work.
- We have introduced a streamlined investment support process for businesses looking to move into or expand within the county and an 'Investment Toolkit' to support officers to service these enquiries more effectively. Initial feedback from investors is that they have a very positive experience.
- We have established a small business development grant scheme to aid start-up and growing businesses. This has been well received with several expressions of interest.

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

Our whistleblowing procedures ensure that employees can raise issues of concern freely with a wide range of people/bodies. This procedure has recently been reviewed and will be launched over the coming months.

We have several tools (policies, procedures, workforce planning; 1:1s.) to help manage our staffing resources effectively, consistently and fairly. We also 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 2015 survey resulted in an increased response rate from 44.6% to 49% over the 2013 survey. The effects of the financial cuts and the associated restructuring and modernisation are clear to see, with some questions showing significant decline compared to the 2013 results. Perhaps most notable are the key employee engagement questions, although results still remain reasonable. The survey highlighted that:

- fewer employees (76%) are proud to work for the Council compared to 83% in 2013;
- fewer employees (83%) are satisfied with the Council as an employer compared to 88% in 2013;
- 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 61% feel that we plan and deliver changes well; and
- communication remains the same, with only 64% that feel well informed about what is going on in their service.

There are some mixed messages coming out of the survey around communication, which may need to be addressed. On the one hand there is improvement in the percentage who feel informed about what is going on across the Council and the percentage accessing and reading the Headlines / CEO's message, but there are declines in the number who feel that they are consulted about key issues and those who feel that senior managers will act on the survey results. The results from the questions around corporate vision for the future and the confidence in the abilities of the corporate leadership team, suggest that some of the key messages are perhaps not getting across.



## Significant governance issues

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The two significant governance issues that we identified last year have now been addressed. There are no significant governance issues to report this year.

Any less significant issues that we have identified in our self-assessment above, have been included in our Governance Improvement Action Plan that the Corporate Governance Committee monitors (Appendix 1).

We propose over the coming year to take steps to address the issues identified in our Governance Improvement Action Plan 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) .....2016

Signed: ..... (Chief Executive) .....2016

## Governance Improvement Action Plan

Improvement Area	Action	Responsibility	Timescale
<b>Alternative Service Providers</b>			
The Council needs to ensure that there are robust governance arrangements for all key services provided by alternative service providers in line with its new monitoring framework.	<p>The revenues and benefits service will be reviewed annually as part of Internal Audit's financial assurance work. This will include a review of governance arrangements.</p> <p>The Citizens Advice Bureau service arrangements will be reviewed in Quarter 1 of 2016/17.</p> <p>The value for money aspects of the GwE arrangements will be reviewed annually. This is currently taking place for 2015/16 and is scheduled for Quarter 4 of 2016/17.</p>	Head of Internal Audit Services	<p>Autumn 2016 and annually thereafter</p> <p>By 30 June 2016</p> <p>In progress for 2015/16 and annually thereafter</p>
<b>Performance</b>			
The Council needs to implement its Housing Strategy action plan to improve the provision of affordable homes in the county.	Internal Audit review of the Housing Strategy action plan implementation is scheduled for Quarter 3 of 2015/16 to assess progress.	Head of Internal Audit Services	By 31 December 2016
The WAO report on Financial Resilience identified that the Council needs to strengthen its approach to income generation.	<b><i>Action to be added to final version</i></b>	Chief Finance Officer	<b><i>Date to be added to final version</i></b>

Improvement Area	Action	Responsibility	Timescale
<b>Constitution</b>			
The review of the Council's Constitution needs to be completed, to include a new delegation scheme following restructure of services.	Complete review and present to Corporate Governance Committee.	Head of Legal, HR & Democratic Services	By 30 June 2016
<b>Policy Framework</b>			
The review of the Council's anti-fraud and corruption policy needs to be completed and launched to raise awareness across the organisation.	Complete review and present to Corporate Governance Committee.	Head of Legal, HR & Democratic Services	27 April 2016
<b>Scrutiny Arrangements</b>			
There has been a significant decline in elected member attendance at Scrutiny Committee meetings.	<i>Action to be added to final version</i>	Head of Legal, HR & Democratic Services	<i>Date to be added to final version</i>
<b>Stakeholder Engagement</b>			
There was a poor response rate to the 2015 Residents Survey. The results have yet to be finalised, published and next steps agreed to address issues arising.	<i>Action to be added to final version</i>	Head of Business Improvement & Modernisation	<i>Date to be added to final version</i>

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<b>Report To:</b>	Corporate Governance Committee
<b>Date of Meeting:</b>	27 April 2016
<b>Lead Member / Officer:</b>	Julian Thompson Hill – Lead Member for Finance, Corporate Plan & Performance Ivan Butler – Head of Internal Audit
<b>Report Author:</b>	Ivan Butler – Head of Internal Audit
<b>Title:</b>	Internal Audit of West Rhyl Coastal Defence Scheme Ph3

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- 1. What is the report about?**  
This report is to inform the Committee of a recent Internal Audit report on the Coastal Defence project that received a 'Low' assurance rating.
- 2. What is the reason for making this report?**  
The Committee receives an Internal Audit Progress report for each meeting that includes details of Internal Audit reports issued. These are normally 'High' or 'Medium' assurance reports. When we issue a 'Low' or 'No' assurance rating in a report, the Committee will receive the report as part of its agenda to ensure that it is fully aware of the report and can discuss the improvements to be implemented with the relevant manager.
- 3. What are the Recommendations?**  
The Committee comments on the Internal Audit report and agrees the assurance it needs that the action plan within the report is being implemented effectively and within the agreed timescales.
- 4. Report details**  
The full Internal Audit report is included as Appendix 1
- 5. How does the decision contribute to the Corporate Priorities?**  
Not applicable - there is no decision required with this report.
- 6. What will it cost and how will it affect other services?**  
Not applicable - there is no decision required with 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**  
Not applicable - there is no decision required with this report.
- 8. What consultations have been carried out with Scrutiny and others?**  
Not applicable - there is no decision required with this report.
- 9. Chief Finance Officer Statement**  
Not applicable - there is no decision required with this report.

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

Not applicable - there is no decision required with this report.

**11. Power to make the Decision**

Not applicable - there is no decision required with this report.

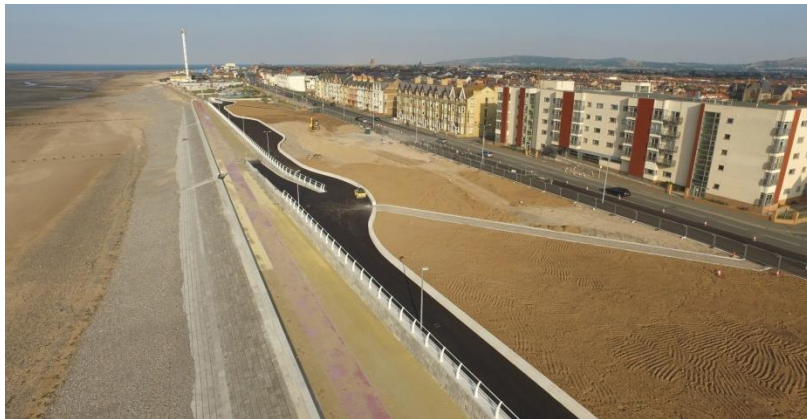


**Denbighshire Internal Audit Services**  
Caledfryn, Smithfield Road, Denbigh LL16 3RJ

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# West Rhyl Coastal Defence Scheme (Phase 3)

April 2016



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## Introduction

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The West Rhyl Coastal Defence Phase 3 project is the final phase of a scheme that aims to reduce the risk of coastal flooding to properties within West Rhyl. The original plan was for three phases of the scheme to be implemented at the same time, but the Welsh Government (WG) only approved the first two phases in January 2011. During May 2012, Phase 3 was removed from the contractor's (Galliford Try Infrastructure) programme of works while discussions were held with WG to resolve issues with the design of Phase 3.

A contract notice for Phase 3 works was placed on the SelltoWales website on 13 May 2014, but tenders exceeded the original budget - the Project Manager explained that this tender included elements of work that were only to proceed if additional funding could be obtained. Phase 3 had been tendered as a stand-alone contract, but Procurement advised that this formed part of a programme of works (with Phases 1 and 2) and the total aggregate value of these works would have exceeded the Official Journal of the European Union (OJEU) threshold of £4.322m. Therefore, a second tendering exercise was undertaken in November/December 2014 using the OJEU compliant North and Mid Wales Trunk Road Agency's (NMWTRA) framework.

The costs for the flood defence element of Phase 3 are met through a WG grant under the Coastal Protection Act, with additional funding through the European Regional Development Fund (ERDF) and Council match-funding. The Council subsequently received WG approval for Phase 3 on 21 October 2014. Other elements of the scheme have been financed through a WG Cycleway grant, a Town Planning grant, and the Council has provided funding for street lighting and drainage repairs.

The Works Unit (formerly known as the Major Projects Group) was responsible for implementation of Phase 3 (although it only took over responsibility for this Phase from January 2014), but was not involved in Phases 1 and 2 of the Scheme (the engineer responsible has left the Council following a restructure of Highways and Environmental Services). The Flood Risk Manager was also involved in the project, having responsibility for liaising with WG for funding.

## Scope of Review

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The Council's previous S151 Officer requested our review to provide assurance that there are robust procurement arrangements in place within the project. The original plan was for this audit to be part of a wider procurement review where the Collaborative Procurement Service would carry out quality assurance checks of several projects where external funding has been provided. If schemes are not managed effectively, they could be subject to grant clawback, which could result in a significant budgetary pressure for the Council.

We developed a contract audit checklist with the involvement of the Collaborative Procurement Service that covered the following areas:



- Governance
- Pre-tendering
- Financing
- Tendering
- Management of the Contract

Our remit was therefore not to comment on the success of the West Rhyl Coastal Defence Phase 3 scheme. To date, this is the first project that we have reviewed using this checklist.

This has been a complex review, and we had to increase our project scope to get an understanding of the history of the West Rhyl Coastal Defence Project. There have been several changes that have to be taken into account, which include:

- WG wanting the Phase 3 element of the Scheme to be re-designed, so this was dropped from the original programme of works (as reported by the Strategic Highways Manager to the Strategic Investment Group in October 2014);
- a restructure of Highways & Environmental Services, resulting in key people involved in the original phases of the project leaving the Council. This also means that the Works Unit has inherited problems arising prior to it being responsible for the project; and
- the Strategic Highways Manager being absent during our review, resulting in us not being able to obtain some key documentation.

Working to tight timescales created additional pressure for the Works Unit team, and it is commendable that the flood defence element of the scheme was completed in less favourable weather conditions in order to claim WG grant funding. However, the tight timescales created a procurement risk in that this did not allow for effective procurement planning. The original tender was due to be awarded to Dawnus Construction in July 2014, but this was not done as the tender amounts exceeded what had been budgeted for the scheme. Additionally, there had been some debate as to whether the Phase 3 element of the scheme still formed a programme of works or could be considered as a standalone scheme. If this had not been clarified at this stage, the total cost of works would have exceeded OJEU thresholds. The Strategic Highways Manager suggested various procurement approaches to the Strategic Investment Group in November 2014 to ensure that the scheme was OJEU compliant. The Collaborative Procurement Service was also involved to ensure that the second tender was OJEU compliant and, if any materials were procured, these would be in line with Contract Procedure Rules (CPRs). Frequent reporting to the Strategic Investment Group shows that there was significant scrutiny and challenge of the project, to ensure that decision making was robust. However, the delivery time for procuring was reduced, particularly during the second tender, which was outside of the control of the project team.

Employees were procured for their professional expertise from Mott Macdonald. This was to assist with meeting the tight project deadlines and to provide technical expertise where it was not available in-house. However, a tender exemption should have been submitted if there were legitimate reasons not to tender, as the value of the work was approximately £42,000. This was only done retrospectively, after we had identified that CPRs had not been complied with.

While key project documentation was generally accessible to us and the project team helpful in assisting us where we had queries, there was not always a clear audit trail in place. For example, we were unable to obtain

written confirmation of WG's timescale to complete the flood defence work (instead this was done retrospectively at the conclusion of our review).

Because of the tighter timescales of the project, there was an increased risk of errors occurring; therefore, it was important to ensure that adequate quality assurance checks were in place. For example, an incorrect amount was detailed in tender documentation for the purchase of Dycel units, which resulted in the tender value being lower, which was identified by the project team after the contract had been let.





Additionally, the cost report for the Phase 3 element of the Scheme shows expenditure relating to 2012/13 and 2013/14, yet the WG grant offer letter stated that the funding is specifically for the period 2014/15 and 2015/16. Our concern was that if they related to Phases 1 and 2 of the programme of works, then they could be deemed ineligible and at risk of grant clawback. However, from an initial review, the project manager is confident that this expenditure relates to Phase 3, and this would be confirmed when the final audit accounts were submitted to WG.

The contractor, Dawnus started work on the project in January 2015, and contract documentation was submitted to Legal Services in March 2015. However, the contract documentation was lost, and this was only identified during our audit in August. A final contract was subsequently signed in October 2015. As identified in our previous Project Management review, this situation is not uncommon, with work starting without a formal written contract in place. Legal has confirmed that, while the best position for the Council is to have a formal written contract in place so there is no dispute over the actual terms agreed, in this case there was still a contractual commitment through issuing a purchase order to the contractor and having a signed tender.

Our review highlighted that there are some other corporate areas that need considering, particularly the role of Procurement, Legal and Finance in projects where there is a significant level of grant funding provided. It is important that they are involved at an early stage to ensure that they have adequate resources in place at key stages of the project, e.g. reviewing a legal contract, clearly defining their roles and responsibilities for the project, and the level of their involvement agreed subject to capacity. The Council also needs to ensure that there are robust arrangements in place to independently quality assure projects where there are potential procurement risks to confirm that services are complying with CPRs and OJEU thresholds. This would be particularly useful for projects that have grant funding and may be at risk of grant clawback.

Based on the areas reviewed, we are giving a low assurance rating because of the nature and, in some cases, corporate impact of the issues raised and the number of other lessons to be learned that we have identified.

**Assurance Rating**  
**(Based on areas reviewed)**

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

## Action Plan

**Audit Review of:** West Rhyl Coastal Defence (Phase 3)

**Date:** April 2016

### Corporate Risk/Issue Severity Key

<b>0</b>	<b>Critical</b> - Significant CET and Cabinet intervention
<b>1</b>	<b>Major</b> - intervention by SLT and/or CET with Cabinet involvement
<b>5</b>	<b>Moderate</b> - Containable at service level. Senior management and SLT may need to be kept informed

Risk/ Issue No.	Risk/Issue	Action	Who	When
Page 193	1. Despite the financial and reputational impacts, there is no project board in place to oversee the Phase 3 element of the Scheme. This has resulted in a lack of evidence being maintained on Verto to show the reporting to the project sponsor and any monitoring and challenge made by him.	All future schemes will comply with Verto. The size of the project board will depend on the risks within the project and must include a decision maker who has sufficient knowledge of procurement.  Further documented guidance on Verto is needed ( <i>this has already been raised as part of our Corporate Project Management review, and will be followed up separately by the Head of Internal Audit</i> ).	Project Manager/ Corporate Programme Office Manager	To be complied with for future schemes
Page 193	2. The risk management element of the project would benefit from a review to ensure that risks are regularly reviewed and updated, and that risk reporting is accurate. If a construction risk register template is used, it needs to clearly show the impact if the risk occurred and the action in place to mitigate the risk.	Both the old project management guidance and Verto were used to develop the two risk registers. There is a need for us to maintain the two registers, but we will ensure that any inconsistencies do not occur.	Project Manager	To be complied with for future schemes
Page 193	3. The WG grant offer letter details that funding relates to expenditure for 2014/15 and 2015/16, yet there are costs detailed for 2012/13 and 2013/14 on the cost report.	We have incurred costs on the project during 2012/13 and 2013/14 but the vast majority of the invoices paid during this period specifically include reference to Phase 3 of the scheme. While the WG offer letter does state that the funding relates to the period 2014/15 and 2015/16, it	Senior Engineer-Flood Risk Management	April 2016

Risk/ Issue No.	Risk/Issue	Action	Who	When
		<p>should be noted that Phase 3 is the final element of a programme of works that commenced in 2009.</p> <p>However, this will be picked up when we submit the final audited accounts to WG, probably before the end of March 2016. Verbally, WG's view is that all eligible costs for the scheme will be paid, whichever phase they relate to. We will also raise this as a risk on Verto.</p>		
<p>4.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 194</p>	<p>An assessment of a contractor (selection criteria) should not be carried out at award stage, which should only assess the actual tender bid (award criteria). During the NMWTRA tender, the contractors' previous projects were assessed as part of the award criteria.</p>	<p>The Council's CPRs have been updated (CPRs 2.1.3, 2.1.4 &amp; 3.7.5) to ensure that framework agreements should be followed if there is any discrepancy with the CPRs, as long as it has been ensured that the framework is robust. The new CPRs have also been updated to reflect the use of industry standard national terms and conditions (CPR 3.5.1).</p> <p>Under the new Public Contract Regulations 2015, there is now further limited flexibility to take into account previously defined "selection criteria" as part of any future tender award criteria process. The Collaborative Procurement Service will be reviewing the evaluation criteria as part of its quality assurance process and a review of the templates within the Proactis system will be carried out by the end of Quarter 2 2016/17 to ensure that they align with the new CPRs.</p> <p>Guidance in relation to the selection and award criteria is covered in CPR 3.7.5 and also referred to in separate procurement guidance (Intermediate Value Procurement</p>	<p>Strategic Procurement Manager/ Programme Manager (Facilities, Assets &amp; Housing)</p>	<p>Complete</p> <p>October 2016</p> <p>Complete</p>



Risk/ Issue No.	Risk/Issue	Action	Who	When
	<p>lower level than a fully signed-up contract document would have provided.</p> <p>Processes are not robust, as there had been inadequate attempts to chase up Legal for the contract, which would have identified that the documentation had been lost.</p>	<p>before the contractor starts work. Within the Proactis e-sourcing solution, we are working with the supplier to ensure that there is a mechanism to collect data for the performance measure - % with an estimated amount over £25,000 with a signed or sealed contract in place within six weeks of the contract award. Monitoring can then be carried out on a monthly basis once this mechanism is in place.</p>	Housing)	
<b>Other lessons to be learned</b>				
a)	<p>Ensuring that there is a clear audit trail in place. Within this project we identified that there was no written confirmation from WG of the timescales for the coastal defence work to be completed.</p>	<p>The Flood Risk Manager explained that he will liaise with the WG about the implications of not having documented deadlines for grant funded projects.</p>	Senior Engineer-Flood Risk Management	April 2016
b)	<p>Putting in place adequate quality assurance measures to ensure that CPRs and relevant procurement legislation are complied with.</p>	<p>We are working with Proactis and Business Team (Facilities, Assets &amp; Housing) to develop a “dashboard” of procurement indicators. We are also reviewing the Procurement Team structure, which is based on a business partner model, and is intended to bring closer co-operation and working between the services and Procurement team, and will help identify and address areas of non-compliance early on.</p>	Programme Manager (Facilities, Assets & Housing)	October 2016
c)	<p>While outside of the control of this project, having adequate timescales in place to allow for effective procurement planning and to ensure that the market is sufficiently tested.</p>	<p>Unfortunately there were tight timescales due to the need to obtain planning approval and also to suit the June 2015 requirements of WG. Within the new CPRs, which place more emphasis on the need for procurement planning, there is a procurement checklist that will need to be used to ensure that there is sufficient</p>	n/a	n/a



Risk/ Issue No.	Risk/Issue	Action	Who	When
		procurement planning (Procurement will approve checklists where the procurement is above £100,000).		
d)	Ensuring that key stakeholders, such as Finance, Legal and Procurement are aware of key projects at an early stage so they can build in resources to be available at key stages of the project, e.g. preparing the contract. It would also be useful for their role to be defined as part of the process so all project staff are clear on their level of input.	<p>Procurement report produced at scheme start-up presented to the board, which includes risks and how the scheme is to be delivered with roles, responsibilities, timeline and cost.</p> <p>Ensure that all necessary information is made available to the team from other sections to enable all paperwork to be filed in one place, e.g. the signed grant offer and signed acceptance letter.</p> <p>A requirement of the new CPRs (2.5 and 2.7), for projects where the expenditure is above £25,000, is the use of a commissioning form. The purpose of the form is to ensure that the procurement element of the project has been properly considered by the relevant service, and subsequently for the Collaborative Procurement service to assess whether the proposed route to market is compliant with the law and these CPRs.</p> <p>This form details how tendering will be carried out, the timescales for the project, a procurement checklist, financing and a risk assessment. It is mandatory for this form to be authorised by the Head of Service, the Section 151 Officer and the Monitoring Officer. For contracts above £1m, the form also needs to be signed by the relevant lead Cabinet member.</p> <p>We will also look to strengthen the process within the Strategic Investment</p>	Project Manager	To be complied with for future schemes

Risk/ Issue No.	Risk/Issue	Action	Who	When
		Group (SIG), e.g. asking specific questions about the project management to determine the robustness of the process. A revised terms of reference is currently being developed for SIG in order to align with a re-established Asset Management Group, which will also have terms of reference. We will ensure that these terms of reference pick up any project management issues.	Programme Manager (Facilities, Assets & Housing)	October 2016
e)	Ensuring that key members of staff involved in the tendering process are aware of the content of the Council's CPRs and the Public Contracts Regulation. If they need any clarity, they should seek advice from the Collaborative Procurement Service.	Members of staff are due to receive training on the Proactis e-sourcing solution.  See action for risk/issue 4 with regards to other training.	Project Team	January 2016
f)	A requirement of CPRs (5.3) is to have a scheme of delegation to record officers approved to carry out tendering or entering into contracts. No scheme of delegation could be provided during our review.	The Strategic Procurement Manager advised us that this scheme of delegation is built into the Proactis e-sourcing solution.  However, the new Constitution (not yet in place), will require every service to have a documented scheme of delegation. Therefore, having it contained within Proactis may not be sufficient, as the scheme would need to cover other elements such as decision making.	n/a	n/a

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### Governance

There has been a significant amount of scrutiny of the Phase 3 element of the Scheme, both by Cabinet and particularly at the Strategic Investment Group (SIG). SIG had requested further information in relation to the procurement process and risks if the Phase 3 element of the Scheme proceeded. From our review of meeting minutes, it is evident that SIG members raised several legitimate questions in relation to the external funding and timescales of the project.

SIG also agreed at its meeting in November 2014 that the advance purchase of materials for the project would need the approval of both the Corporate Director: Economic and Community Ambition and the previous Head of Finance & Assets (although subsequently it was decided to procure these materials directly through the contractor).

**Risk/Issue**  
**1**  
**Moderate**

There is a documented project management structure detailing the Head of Highways & Environmental Services as project sponsor, but there is no formal project board in place. While the Works Unit Manager, Strategic Highways Manager and the project sponsor met regularly to discuss the project, there is a lack of evidence held on Verto to evidence the reporting to the project sponsor and any monitoring or challenge made by him.

We raised a similar issue in our review of the Ysgol Twm o'r Nant project, with the Corporate Programme Manager looking to have electronic guidance in place by the end of August 2015.

*Following the conclusion of our review, the Corporate Programme Manager advised us that because of the high reputational and financial risks involved, a project board should have been formed and, in fact, all projects should have a board so they can resolve issues and agree changes to the project. He will prepare guidance to define a project and what is deemed business as usual following consultation with senior management.*

*There also appears to be some confusion here, with the Project Manager using an old project management methodology (used prior to Verto being put in place) where having a project board would have been optional in this case.*

The corporate project management methodology has been followed in that there is a business case, the corporate project management system (Verto) has been kept relatively well updated with the progress of the project, and a risk assessment has been completed, identifying the key risks that could affect the project. There is also evidence that the project team met regularly where risks were discussed.

**Risk/Issue  
2  
Moderate**

A separate risk register to that kept on Verto is also maintained to detail specific construction risks, but there are some elements of overlap between the two registers where strategic risks are considered, and we identified that, occasionally, the same risk was scored differently on the two risk registers, which could cause confusion for the project team.

The construction risk register template would also benefit from a review to ensure that the action to manage the risk is clearly detailed and the impact of the risk is considered.

There is also a lack of evidence that the risks are being regularly reviewed, as the last update on both Verto and the construction risk register is March 2015.

## Pre-Tendering

Through discussion, we identified that there is no documented procurement plan/ checklist in place. The latest version of the CPRs in December 2014 details that:

- 14.2 Before undertaking a procurement exercise, the Responsible Officer, shall ensure that:
- (a) All individual procurements projects over the value of £100,000 will require that a Procurement Plan checklist is completed by the Responsible Officer and sent to for approval to the Strategic Procurement Manager prior to undertaking any competitive market testing or negotiation.
  - (b) With respect to procurement projects between the values of £25,000 and £100,000 a Procurement Plan checklist must still be completed and retained on contract file for inspection. Other than for Projects outlined in CPR 14.2 (c), where approval is required by the relevant Head of Service listed below, no further approval will be required.
  - (c) With respect to the following specific procurement projects, additional approval to the above will be required as follows:
    - ICT procurement projects - additional approval to the above will be required from the Manager of Business Transformation & ICT or their designated Responsible Officer
    - Property and Works related procurement projects – additional approval will be required from the Property Manager – Strategic Assets or their designated Responsible Officer
    - Temporary staff Agencies (excluding Matrix) and Interim staff Agencies – additional approval will be required from Head of Human Resources & Occupational Development or their designated Responsible Officer

As the above is a new requirement that was not in the previous version of CPRs, we have not raised an issue in this report but are highlighting it so that it can be used for future projects. However, we consider that, due to the tight timescales of the Scheme, procurement planning was affected and this meant that the market was not adequately tested prior to the original tender process. For example, one of the reasons given by the Project Manager for the original tender bids being significantly higher than budgeted was that the

scheme had been poorly designed by consultants MWA (prior to the Works Unit taking over responsibility of the scheme), and had not taken into account the large increases in the cost of raw materials. Additionally, he said that costs had increased because of the large amount of coastal drainage repairs being undertaken due to the storms in December 2013.

Prior to the second tendering process through the NMWTRA framework, there was significant involvement of the Collaborative Procurement Service, particularly in developing a risk matrix for procuring key materials to be used in the project. This helped to ensure that the project was adequately planned, CPRs and OJEU were complied with, and the market tested, e.g. through publishing a Prior Information Notice (PIN), an early notification of the intent to award a contract/framework, for the supply of Dycel mattresses. However, eventually all materials except sheet piles were procured through the NMWTRA framework under a National Form of Contract. The Project Manager explained that, due to delays in decisions and procurement approvals, there was no longer an advantage in the Council ordering the materials itself. Therefore, the PIN was no longer required.

There was considerable discussion with WG over the design of Phase 3, as WG wanted to use a rock armour solution in front of the existing flood defences. The Council had carried out significant consultation with various services within the Council, members of the public, and the Rhyl Area Member Group who were reluctant to pursue this option due to its visual impact. Instead, a sloped revetment approach was proposed using Dycel mattresses.

We did not review the pre-qualification questionnaire (PQQ) stage, but established that there was evidence that relevant checks were carried out on contractors, including declaration of interests, and checks of financial, insurance, and health and safety.

## Financing

The initial WG decision not to approve the Phase 3 element as part of the original programme of works clearly impacted the project in terms of timescales, as it was hoped that this work could be carried out in 2011/12. When the original tender was prepared via the SelltoWales website, it was planned for the contractor to start on site in September 2014; however, because of the involvement of the Collaborative Procurement Service in helping to ensure that the project used an OJEU compliant tender, and the need to obtain additional funding, work did not start on site until January 2015.

In order to be eligible for the ERDF grant, the coastal defence element of the project had to be completed by the end of June 2015. This resulted in timescales being even tighter, particularly where approvals had to be sought, creating an additional pressure on the project team. Work also had to start on site without all the funding for the project being in place (although the financing for the flood defence work was agreed). It also created a procurement risk, as it gave little time for the market to be tested and to ensure that CPRs and OJEU were complied with.

However, throughout our review, we were unable to evidence that the work needed to be completed by the end of June 2015, as this date is not referred to in WG's grant offer letter. The Strategic Highways Manager, who liaised with WG on the funding for the project, was absent during our review and may have had confirmation from WG via e-mail, but this could not be evidenced. In June 2015, WG contacted the Flood Risk Manager to enquire what stage the project was at, and he responded that the coastal defence element of the works was expected to be completed by 23 June, with all remaining works to be completed by the end of July 2015 subject to funding. In August 2015, the Senior Technical Accountant (Capital) contacted WG to confirm the funding deadline. Having a clearer audit trail would prevent any confusion or disputes over timescales.

The total cost of works (not including materials) for the Phase 3 element of the project has increased significantly from a budgeted figure of £2.6m in July 2014 (as reported to Cabinet). The Project Manager explained that the consultants MWA (who were in place prior to the Works Unit taking over the project) had underestimated the costs of materials when submitting their design to WG. Their design was based on a rock armour solution rather than the Dycel option that was used instead. The Lead Member for Public Realm lobbied WG for additional financial support in August 2014 to cover the additional costs. The bids received as part of the original tender were approximately £2.36m higher than the original estimate. Other contributory factors included the fact that two of the five contractors had pulled out of the tendering process due to their workload, and the cost of the raw materials had increased considerably.

Additionally, there was an increase in the bids received for the NMWTRA tender compared to the original tender (the successful contractor's bid increased by approximately £200,000). This was to take account of the increased risk of the project, as work had originally been planned to start on site in September 2014, but instead began in January 2015, with potentially less favourable weather conditions.

The cost report reviewed during our audit shows that total costs for the project to date (November 2015) were approximately £5.248m, and a forecast total cost of the scheme was £5.556m (the variance at that stage was £283,385 above the budget of £5.272m). There is an overspend on the WG element of the Scheme due to materials being left on site from Phase 1 and 2 so that they could be used for Phase 3, and subsequently they were found to be unusable. The Project Manager explained that the material was taken to a landfill site at a cost of £116,000, with WG having paid £65,000 to date and the rest to be claimed in the next financial quarter (as WG indicated at the start of the works that they would cover any additional overspend). At the conclusion of our review, the Council received a WG approval letter (March 2016) confirming that they have approved an additional sum of £300,990, with the total WG funding increasing to £3,675,118.

**Risk/Issue**  
**3**  
**Moderate**

The WG Grant Offer Letter (December 2014) details:

*“1 (b) The Funding relates to the period 2014/15 to 2015/16”*

However, the cost report we reviewed during our audit (November 2015) shows expenditure for consultants during 2012/13 (£21,497) and 2013/14 (£58,548). It is not clear how much of this expenditure is to do with the Phase 3 project or could be related to Phases 1 and 2, but particularly for the costs for MWA totalling £66,112.98.

As grant funding has been provided specifically for the purpose of delivering Phase 3, the Council is at risk of having to repay any expenditure that does not relate to this scheme.

*At the conclusion of our review, the project manager was confident that this expenditure related to Phase 3, and this has now been confirmed when the final audit accounts were submitted to WG.*

As not all of the finances were in place at the start of the work on site, the design of the Scheme was amended. All the flood defence work has been carried out, but there will be no car parks or landscaping. The Works Unit Manager confirmed that both SIG and Member Area Groups had been advised of the change in design.

## Tendering

Within both the current (December 2014) and the previous version of the CPRs, it states that:

5.3 “Each Head of Service shall compile and maintain a scheme of delegation specific to their department, detailing the names and grades of officers approved for the purposes of obtaining quotations, tendering, entering into contracts and placing orders on the Council and the maximum/contract order value allocated to each officer for these purposes”

We were unable to obtain a documented scheme of delegation during our review, and were advised that the delivery of schemes and contracts is detailed in the job descriptions of the Works Unit employees. The Strategic Procurement Manager explained that this was a common problem within the Council, but with the implementation of the Proactis e-sourcing solution (by April 2016), this delegation will be built into the new system.

A contract notice for the original tender was placed on the SelltoWales website on 13 May 2014; however, the estimate of the contract value was detailed as £1.5m instead of £3.5m. As reported to SIG in November 2014, the implication of this error is that “contractors could have been ‘economically disadvantaged’ i.e. the contract value was lower than contracts they would normally tender for whatever reason”. However, the Works Unit explained that the £1.5m contract value was correct as it was originally intended for the Council to procure the key materials for the project themselves. This would have meant advertising each key material separately on the SelltoWales website and, due to the time constraints, it was decided to

procure these items through the contractor. However, the contract notice was never re-advertised to reflect this change (although the contract was not awarded at this stage).

The above highlights that the Works Unit was working to tight timescales, which can increase errors if there are inadequate quality assurance checks in place. An example of this is where additional Dycel units had to be ordered, as there was a design error and this was included in the tender documents. This resulted in the tender value being advertised at £42,723 lower than it should be and then a variation to the contract had to be made at a later stage.

There is a record maintained of the NMWTRA tender opening process and records that an independent person to the project and tender evaluation, the Lead Member for Public Realm, was present.

Senior Leadership Team (SLT), Cabinet and SIG approved the tender evaluation methodology for the NMWTRA tender, due to the value of the works being carried out and the high risks associated with the project. Three members of staff scored the bids, with DPE Consulting independently assessing them, making an assessment of both the quality and the price of the bids received.

<b>Risk/Issue</b> <b>4</b> <b>Moderate</b>	Assessment of the NMWTRA bids using the award criteria included reviewing the contractors' projects within the last five years. Assessment of the contractor should have been assessed at the PQQ stage using the selection criteria, and the award criteria should only assess the actual tender bid. The Project Manager advised us that this had been done because they needed someone with experience of marine work, and the pre-qualification questionnaire, which had not been completed by the Council, had not assessed this. The Strategic Procurement Manager advised us that in this instance, a pre-filtering stage should have been carried out prior to tender to establish this.
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### Use of Consultants

Prior to the project starting, the Head of Highways & Environmental Services decided to reduce the service's use of consultants and use existing internal resources where their skill set was appropriate. The cost report reviewed during our audit shows that £181,361.24 had been paid to consultants for Phase 3 to 12 November 2015 (including MWA consultants where costs originated from Phase 1 and 2).



**Risk/Issue**  
**5**  
**Moderate**

Of the two consultants that had the highest expenditure, Mott Macdonald and Groundsolve, only Groundsolve is recorded on the Works Unit's contracts register, and current expenditure for Groundsolve (£36,205) has exceeded the amount tendered for (£20,000). The Works Unit explained that the estimated cost had increased due to problems with obtaining approval for the proposed design (carried out by consultants MWA prior to the Works Unit taking over the project) and also due to the need for structural design inputs. Having to go through a second tender also increased costs.

Mott Macdonald was not on the contracts register, as the work had not been tendered due to the lack of availability of marine engineers because of the nationwide flooding at the time. Staff were procured to provide professional expertise and were an added resource in assisting with the project deadlines. The Works Unit explained that Mott Macdonald is on the All Wales Consultancy Framework and its rates were checked against the Welsh Government Technical Professional Services framework. However, a tender exemption should have been submitted if there were legitimate reasons not to tender, due to the value of the work being approximately £42,000. This was only done retrospectively, after we had identified the fact that CPRs had not been complied with.

## Contract Management

After the contract was awarded to Dawnus Construction in December 2014, the contractors started work on site in January 2015; however, discussions during our review (August 2015) identified that there was no signed contract in place with Dawnus. Unfortunately, this is not uncommon, as identified in our Project Management review last year, where we raised a risk/issue in relation to the weak contract arrangements in place within three projects. The Legal Services Manager stated at the time of our review that, "*The best position for the Council to be in is to have terms agreed and signed off in a formal contract, there is then no dispute over the actual terms that have been agreed, only then on what is the correct interpretation of those terms*". With this project, they had issued a purchase order and a signed tender detailing terms and conditions. The Legal Services Manager considered that, in this case, there was a contractual commitment in place as long as any comments or objections that have been made to the terms and conditions of the tender have been incorporated into the final contract.

She did however agree that processes need to be more robust corporately but this depends on the resources allocated to effectively manage the contract from the commencement date to completion. It is also worth noting that our recent Legal Services review raised a risk/issue relating to the

capacity of the only Contract Solicitor (now the Legal Services Manager) who can provide expertise in this area.

**Risk/Issue  
6  
Major**

Discussions with Legal Services identified that they had not received any contract documentation in relation to the project. The Works Unit supplied emails confirming that the documents had been left at County Hall reception (as the Contracts Solicitor was unavailable) in March 2015.

At the conclusion of our review, the contract was with the contractor, Dawnus' legal team but the above process is not robust as:

- Legal Services had not received early notification that it would be needed to review the contract and arrange for it to be signed so it could build in resources;
- the Works Unit had not received written confirmation from Legal Services that it had received the documentation and, despite an initial request for confirmation that the information had been received by them, no further reminders were sent; and
- Legal Services is unable to find the contract documentation (however, there are terms and conditions detailed within the tender and the purchase order for the works).

As we have identified a similar lack of control elsewhere, we consider that there needs to be corporate direction on how much risk (if any) the Council is willing to accept in these circumstances hence why we have raised this as a major risk/issue.

In line with CPRs, the Works Unit maintains a contracts register detailing the name of the contractor, and contract award value, and monitors payments made against the contract.

Various risk assessments and health and safety checks were carried out once the contractor started work on site. There was also evidence of regular communication between the Council and the contractor through having a weekly risk reduction meeting and a monthly project meeting.

## Report Recipients

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- Project Manager (Works Unit)
- Works Unit Manager
- Head of Highways & Environmental Services
- Manager (Corporate Programme Office)
- Strategic Procurement Manager
- Head of Facilities, Assets & Housing
- Programme Manager (Facilities, Assets & Housing)
- Head of Finance
- Head of Legal, HR and Democratic Services
- Corporate Director: Economy and Public Realm
- Lead Officer, Destination, Marketing & Communication
- Lead Member for Public Realm
- Chair - Performance Scrutiny Committee
- Lead Member for Finance, Corporate Plan & Performance
- Corporate Governance Committee
- Scrutiny Co-ordinator

## Key Dates

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Review commenced	June 2015
Review completed	August 2015
Reported to Corporate Governance Committee	27 April 2016
Proposed date for 1st follow up review	To be agreed by Committee

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## Corporate Governance Committee Forward Work Programme

<b>15 June 2016</b>		<b>Standing Items</b>	
	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	
	5	Forward Work Programme	
		<b>Reports</b>	
	6	Budget Process 2016/17	Chief Finance Officer / Richard Weigh
Page 209	7	Corporate Governance Committee Self Evaluation Report	Head of Internal Audit / Ivan Butler
	8	Annual SIRO Report	Head of Business, Planning and Performance / Alan Smith
	9	Constitution Report	Head of Legal, HR and Democratic Services / Gary Williams, Lisa Jones
	10	Strategy for the Prevention and Detection of Fraud, Corruption and Bribery	Head of Legal, HR and Democratic Services / Gary Williams
<b>13 July 2016</b>		<b>Standing Items</b>	
	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	
	5	Forward Work Programme	
		<b>Reports</b>	

## Corporate Governance Committee Forward Work Programme

	6	Budget Process 2016/17	Chief Finance Officer / Richard Weigh
	7	Child Practice Review	Head of Children and Family Services / Leighton Rees
	8	Draft Statement of Accounts	Chief Finance Officer / Richard Weigh
	9	Annual Report on Whistle Blowing	Head of Legal, HR and Democratic Services / Gary Williams
<b>21 Sep 2016</b>		<b>Standing Items</b>	
	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	
	5	Forward Work Programme	
		<b>Reports</b>	
	6	Budget Process 2016/17	Chief Finance Officer / Richard Weigh
	7	Ysgol Mair Rhyl – Internal Audit Report Update	Head of Internal Audit / Ivan Butler
	8	Treasury Management Annual Report (Training Session 30 Minutes Prior to Meeting – Include details of implementation of REPOs) <b>(Invite All Members)</b>	Chief Finance Officer / 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.