

To: Members of the Corporate
Governance and Audit Committee

Date: 16 January 2020

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Dear Councillor

You are invited to attend a meeting of the **CORPORATE GOVERNANCE AND AUDIT COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 22 JANUARY 2020** in **COUNCIL CHAMBER, COUNTY HALL, RUTHIN.**

Yours sincerely

G. Williams
Head of Legal, HR and Democratic Services

AGENDA

1 APOLOGIES

2 DECLARATION OF INTERESTS (Pages 3 - 4)

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 - 12)

To receive the minutes of the Corporate Governance and Audit Committee meeting held on 20 November 2019 (copy enclosed).

5 INTERNAL AUDIT UPDATE (Pages 13 - 46)

To consider a report by the Head of Internal Audit (copy enclosed) updating members on Internal Audit progress.

6 INTERNAL AUDIT OF HOUSING TENANCY (Pages 47 - 64)

To consider a report by Chief Internal Auditor (copy enclosed) providing details of a recent Internal Audit report of Housing Tenancy that received a 'Low' assurance rating.

7 INTERNAL AUDIT OF PAYMENT CARD INDUSTRY DATA SECURITY STANDARDS (PCI-DSS) (Pages 65 - 82)

To consider a report by Chief Internal Auditor (copy enclosed) providing details of a recent Internal Audit report of Payment Card Industry Data Security Standards (PCI-DSS) that received a 'Low' assurance rating.

8 ANNUAL TREASURY MANAGEMENT STRATEGY (Pages 83 - 116)

To consider a report by the Head of Finance and Property Services (copy attached) on Treasury Management to allow the committee to review the Treasury Management Strategy and Prudential Indicators before they are considered for approval by Council on the 25 February 2020.

9 ANNUAL REVIEW COLLABORATIVE PROCUREMENT SERVICE (Pages 117 - 190)

To receive a report by the Legal and Procurement Operations Manager (copy enclosed) reviewing the Collaborative Procurement Service

10 CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME (Pages 191 - 193)

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

MEMBERSHIP

Councillors

Mabon ap Gwynfor
Tony Flynn
Martyn Holland

Alan James
Barry Mellor
Joe Welch

Lay Member

Paul Whitham

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LOCAL GOVERNMENT ACT 2000

Code of Conduct for Members

DISCLOSURE AND REGISTRATION OF INTERESTS

I, *(name)*

a *member/co-opted member of

*(*please delete as appropriate)*

Denbighshire County Council

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

*(*please delete as appropriate)*

Date of Disclosure:

Committee *(please specify)*:

Agenda Item No.

Subject Matter:

Nature of Interest:

*(See the note below)**

Signed

Date

*Note: Please provide sufficient detail e.g. 'I am the owner of land adjacent to the application for planning permission made by Mr Jones', or 'My husband / wife is an employee of the company which has made an application for financial assistance'.

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CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Minutes of a meeting of the Corporate Governance and Audit Committee held in Conference Room 1A, County Hall, Ruthin on Wednesday, 20 November 2019 at 9.30 am.

PRESENT

Councillors Mabon ap Gwynfor, Tony Flynn, Martyn Holland (Vice-Chair), Alan James, Barry Mellor (Chair) and Joe Welch

Lay Member Paul Whitham

Bobby Feeley, Lead Member for Well-being and Independence was in attendance.

ALSO PRESENT

Solicitor - People Team Leader (NG), Chief Accountant (SG), Chief Internal Auditor (LL), Senior Auditor (SD), Corporate Director: Communities (NS), Head of Community Support Services (PG), Service Manager - Client Services (KN), Committee Administrator (RTJ)

Wales Audit Office Representative – Gareth Evans

1 APOLOGIES

There were no apologies.

2 DECLARATION OF INTERESTS

The following members declared a personal interest –

Councillors Joe Welch and Mabon Ap Gwynfor – Agenda item 10 – because they had children who attended schools in Denbighshire.

Lay Member Paul Whitham – Agenda item 10 – as he had grandchildren attending schools in Denbighshire.

3 URGENT MATTERS

No urgent matters had been raised.

4 MINUTES

The minutes of the Corporate Governance and Audit Committee meeting held on 11 September were submitted.

Matters Arising:

- Page 9 – Internal Audit Update – members queried whether there was any additional information for agenda management training. The Chief Internal Auditor (CIA) informed the committee that discussions were still ongoing between Democratic Services and WLGA to obtain possible training dates.
- Page 10 - Approval of the Statement of Accounts 2018/19 – the method of monitoring spreadsheets was raised and whether the deadline had been reached, and whether anything had been implemented. The Chief Accountant (SG) responded stating that the process had been delayed however the process was ongoing with the Head of Business Improvement and Modernisation leading on the project, and was currently going through the tendering process.

RESOLVED that the minutes of Corporate Governance and Audit Committee meeting held on the 11 September 2019 be approved as a correct record.

5 CARE INSPECTORATE WALES - LOCAL AUTHORITY PERFORMANCE REVIEW

The Corporate Director: Communities (CDC), introduced the Care Inspectorate Wales - Local Authority Performance Review (previously circulated), which updated members on the key issues arising from the Care Inspectorate Wales (CIW) review of Denbighshire County Council's performance in carrying out its statutory social services functions.

The CIW annual letter provided feedback on inspection and performance evaluation activity completed during the year; reports on progress the local authority has made in implementing recommendations from inspections and/or child and adult practice reviews; and, outlined CIW's forward work programme. The letter provided a summary of strengths and areas for improvement. Areas identified as requiring improvement were in line with the Director of Social Services' Annual Report and would be embedded within Service Business Plans for 2019 – 2020.

The following matters were discussed in more detail following the introduction –

- Welsh language provisions which were in place were queried and whether there was enough provision to allow vulnerable people to converse in their first language. Responding the CDC understood the importance of the Welsh language however it was a challenge especially with recruitment. There had been methods implemented to encourage staff to use more Welsh to improve their skills.
- The quarter of responders to the survey reported difficulty with receiving the right information and advice when they needed it, caused concerns for the committee it was queried why it was such a high number. The CDC informed the committee that it was a complicated issue, the information which was given was accurate and good, however the gateway to that information was challenging. This was due to people's perception of the information they required was not always the information they required therefore would go searching for the information in the wrong area, however when they were in contact with the Council they would receive the correct information.

Members praised the work which had been carried out, all agreed that it would be beneficial to have another Care Inspectorate Wales - Local Authority Performance Review report in a year's time.

RESOLVED - that

- i. *the Corporate Governance and Audit Committee receive the Care Inspectorate Wales - Local Authority Performance Review and note its content,*
- ii. *the report be returned to the Corporate Governance and Audit Committee in November 2020.*

6 SAFEGUARDING REPORT

The Corporate Director: Communities (CDC), introduced the Wales Audit Office (WAO) Review of Corporate Arrangements for Safeguarding (previously circulated), set out the key issues arising from the Wales Audit Office (WAO) review of Denbighshire County Council's (DCC) Corporate Arrangements for Safeguarding, the report was to ensure that the Committee was aware of the review of the corporate arrangements for safeguarding including areas of progress, areas for improvement and risk.

Members were reassured by the CDC that there were no surprises within the report. The committee were reminded of the WAO Review of Corporate Safeguarding Arrangements in Welsh Councils report which was carried out in July 2015, and whether any of the recommendations from 2015 report were still outstanding.

All of the recommendations had been carried out, with one having being partially met. The CDC praised the strong governance which was in place for allowing for the recommendations to be met, however also expressed gratitude towards the lead members for their support.

Members queried the following points –

- Members who were not attending training and how the numbers could be improved, it was suggested that political party group leaders be notified of members who had not attended training events, and to ensure that members of their groups would attend future events.
- Contractors who work for the DCC were highlighted and whether they required any additional safeguarding training prior to working for the DCC. The CDC responded informing the committee that it would only be asked if required, it was also clarified that Disclosure and Barring Service (DBS) would only required for officers they deemed necessary to be checked, and the choice was not up to DCC. The questions were also included within the procurement process.
- The committee were notified that the E-learning modules for Councillors could not be completed as there were compatibility issues with the iPad's they used.
- Training for staff in schools was raised, the report stated that it was 76%, it was also queried whether there were any methods in place to increase the

numbers. The CDC responded that the figure had increased since the report was produced however was unsure of the numbers. Members were assured that methods were in place, emails would be circulated to the staff who had not completed the training, and then meetings would be organised if the training had still not being completed following the email, enquiring why the training has not been fulfilled.

RESOLVED – that Corporate Governance and Audit Committee reviewed the WAO Review of Corporate Arrangements for Safeguarding and note its content.

7 CARE INSPECTORATE WALES - INSPECTION OF OLDER ADULT SERVICES

The Head of Community Support Services (HCSS), introduced the Care Inspectorate Wales Inspection of Older Adult Services report (previously circulated), which summarised the inspection by the Care Inspectorate Wales' (CIW) into Denbighshire County Council's (DCC) Older Adult Services, alongside the findings and associated actions, following the inspection.

Members were informed that in May 2019 CIW, as part of a national review of how well local authorities and health boards promoted independence and prevented the escalation of needs and in collaboration with the Health Inspectorate Wales (HIW), lead an inspection of DCC's older adult services.

The inspection team reviewed 60 individual case files, and also interviewed DCC managers, staff and Elected Members. They also interviewed key partners and stakeholders across health and social care, and met citizens and carers who used the services. The inspection focused on people's experiences and outcomes on their journey through health and social care services. The findings by the CIW were divided into 'strengths' and 'priorities for improvement' and were listed under 4 headings:

- i. Well-being
- ii. People – voice and choice
- iii. Partnership and integration - co-production
- iv. Prevention and early intervention

Member's attention was drawn towards point 4.9 on page 44 which highlighted the lack of domiciliary care services availability, this issue was a nationwide issue and not just within DCC. The HCSS informed members that overall the report was positive and was pleased it recognised the hard work which was carried out by the staff.

The following points were discussed in more detail –

- The strengths of wellbeing was highlighted, it was praised the promoting of independence however with the increase with Dementia, were their measures in place to ensure people had the capacity to make their own decisions. Responding the HCSS informed the committee that there was an act in place. The Mental Capacity Act, the purpose of the act was to provide a legal framework for acting and making decisions on behalf of adults who

lacked the capacity to make particular decisions for themselves, however DCC could do nothing until the relevant forms within the act were completed.

- The Safeguarding Audit which the CIW would carry out in January 2020 was queried to which committee the report would be discussed. It was clarified that the committee would be selected at a Scrutiny chairs and vice chairs meeting.
- The difficulty of recruitment was raised, the committee were made aware that Social Care Wales and the Welsh Government were proactively trying to make the vocation of care more appealing to hopefully attract more into the sector.

RESOLVED that, the Corporate Governance and Audit Committee receive the report, note its contents.

At this juncture Agenda item 11 was moved up to be discussed next.

8 RESPONSIBLE INDIVIDUALS REPORT - REGULATED SERVICES

The Service Manager - Client Services (SMCS), introduced the Responsible Individual Annual Report on Regulated Services (previously circulated). The report highlighted the progress of regulated services in meeting requirements and obligations set out in the Regulated Services (Service Providers and Responsible Individuals) (Wales) Regulations 2017, the report covered the period from 1st April 2018 to 31st March 2019. For the purpose of these regulations, the regulated services were, Residential Care Homes, Domiciliary Care and Shared Lives (also known as Adult Placement).

The report was the first annual report provided by the responsible individual on the regulated services. The responsible individual for Denbighshire County Council (DCC) Adult Services was Katie Newe, Service Manager for Client Services. The Regulated Services (Service Providers and Responsible Individuals) (Wales) Regulations 2017 set out specific duties in respect of this role. These included ensuring systems and processes were in place for monitoring, reviewing and improving the quality of the service provided. Members were informed that following the closure of Awelon it would not be included in future reports.

The committee were informed that there were multiple good practices in place, the quality of food, citizens also had contact with a variety of outside bodies including: hairdressers, chiropodists, school visits, religious services, and therapy dogs. There were also visits to garden centres and the theatre together with quiz nights and visits from entertainers.

Recruitment which was highlighted as an issue in the care sector, however a recruitment package which included videos from staff had been produced to encourage people to come into the care sector, open days had also been carried out.

The following points were discussed in more detail –

- Members endorsed the work which was carried out by the Responsible Individual and the care homes, local member for Cysgod-y-Caer, praised the care and the use the Welsh Language was excellent.
- The elderly who live at home and whether any support was given to them to ensure they were not isolated. There was good work being carried out in communities, and it was identified that talking points were the best location for the elderly to attend to find what was available.
- The Dolganog Care home in Rhyl was queried, it was clarified that DCC did not run the care home, however DCC did inspect these care homes.
- Members with any concerns were invited to visit care homes with the Responsible Individual.

RESOLVED that

- *The Corporate Governance and Audit Committee considered the content of the Responsible Individual Annual Report on Regulated Services*
- *The report be brought back annually to the Corporate Governance and Audit Committee.*

9 ANNUAL GOVERNANCE STATEMENT IMPROVEMENT PLAN UPDATE

The Chief Internal Auditor (CIA), introduced the Annual Governance Statement – Improvement Update (previously circulated) updated members on progress in implementing the improvement plan contained within the Annual Governance Statement 2018/19.

The committee were informed that the Improvements identified within the Annual Governance Statement 2018/19 were making good progress. Two improvement actions are complete and the remaining five were due to be completed by 31 March 2020.

Members discussed the following –

- The committee commented on the actions which broadly referred to the Council, and whether schools would be included, it was highlighted to ensure that schools were not missed.
- The e-learning modules were outlined, members referred to the last meeting were managers would receive reports on members of their team who had not completed the training. However it was stated about timescales with training and what would occur if someone would not finish the training. Members were informed that there is training included in the probation period, if it were not completed they would not continue with council. However the whole system was being audited within the ethics audit which was currently being carried out.

RESOLVED that the Corporate Governance Audit Committee receive Annual Governance Statement – Improvement Update and note its content.

10 BUDGET UPDATE

The Chief Accountant (CA) introduced the Budget Update report (previously circulated) which was to provide information regarding the current budget process for 2020/21 and the key medium term financial planning assumptions in order to help inform the Corporate Governance Committee's oversight role in respect of the council's budget process.

Members were informed that the report had changed substantially since the report had been produced. It was clarified that the 2019/20 year had been difficult to obtain certainty with the political instability, due to this the proposed budget process timetable had been altered to accommodate the instability. An amended timetable was circulated to members, which was still liable to change.

The council decided to implement savings of 5.5%, despite the uncertainty, this was to further quantify the pressures in Community Support Services, Education and Children Services, School Transport and Waste.

Members queried whether the budget workshop which was organised for the 3rd of December was queried whether it was still worth holding the workshop especially with the uncertainty with the budget. Members were assured the workshop would continue and the members would discuss the most up-to-date information available on the budget.

RESOLVED *that the Corporate Governance and Audit Committee note the content of the report.*

11 HEALTH AND SAFETY IN SCHOOLS PROGRESS REPORT

The Chief Internal Auditor (CIA) and Senior Auditor (SA), introduced the Health and Safety in Schools – Internal Audit Update (previously circulated). The report provided an update on progress with implementing the action plan that accompanied the Internal Audit report on Health and Safety in Schools in June 2018 and following the first progress update which was brought to the committee in June 2019.

The follow up report highlighted that that some progress had been made with rolling out and promoting health and safety training to school staff. The development of an action tracking system had been delayed due to limited capacity within the ICT team – a developer post was currently being advertised.

As the two action remain partially addressed, the assurance rating remained as medium. Internal Audit would continue to monitor the outstanding actions to ensure that they were completed.

Members discussed the following in more detail –

- HR were working closely with schools to ensure that staff completed training courses.
- Infection control in schools, it was going well with schools, last of the schools had implemented the plans.
- Attendance statistics with teachers was queried, and whether there was any method to monitor the attendance. The committee were informed that

sickness was included on the TRENT system and could be monitored countywide.

- The policies that schools were queried, and whether they have their own policies. It was clarified that schools can have their own policies, however they can adopt corporate policies.
- The committee believed that any Health and Safety training in schools should be extended to include governors.

The officers advised the committee that the Health and Safety in schools would be monitored closely, and would be returned whether officers thought it would be appropriate.

RESOLVED *that*

- The Corporate Governance and Audit committee review the progress in Health and Safety report.*
- The Corporate Governance and Audit committee agree for a follow up report to be produced whether officers deem it appropriate.*

12 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

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

Member agreed that the Responsible Individual Annual Report on Regulated Services be brought back in a year's time to monitor the progress. It was also clarified the Annual Health and Safety and the Fire Safety report be brought to the Corporate Governance and Audit separately in September 2020.

RESOLVED – *that, subject to the above, the Corporate Governance and Audit committee approves the Forward Work Programme.*

Report to	Corporate Governance & Audit Committee
Date of meeting	22 January 2020
Lead Member / Officer	Lisa Lovegrove – Chief Internal Auditor
Report author	Lisa Lovegrove – Chief Internal Auditor
Title	Internal Audit Update

1. What is the report about?

This report provides an update for Corporate Governance & Audit Committee on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement. It also includes an update on progress with the CIPFA Good Practice for Audit Committees.

2. What is the reason for making this report?

To provide information on the work carried out by Internal Audit since the last Committee meeting. It allows the Committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports so that the Committee can receive assurance on other council services and corporate areas.

3. What are the Recommendations?

That the Committee considers the report content, assesses Internal Audit's progress and performance and decides whether it needs further assurance on audit report.

4. Report details

Appendix 1 report provides an update as at 31 December 2019 on:

- Internal audit reports recently issued;

- Progress on Internal Audit work to date;
- Progress on implementing agreed actions from assurance projects;
- Counter fraud update;
- Update on Internal Audit performance against set standards; and
- Update on progress with the CIPFA Good Practice for Audit Committees.

Appendix 2 report provides a list of the overdue internal audit actions as at 31 December 2019 as recorded on Verto (performance management system) along with their status and the latest service progress update.

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

There is no decision required with this report. There is no direct contribution to Corporate Priorities, but some projects in the audit 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 the report.

7. What are the main conclusions of the Well-being Impact Assessment?

Not applicable – this report does not require a decision or proposal for change.

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

Not required.

9. Chief Finance Officer Statement

There are no financial implications attached to this report.

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

The work of internal audit gives assurance to the council on the adequacy and effectiveness of controls in place to manage and mitigate risks.

11. Power to make the decision

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

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Internal Audit Update

January 2020

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Internal Audit Reports Recently Issued

Since the last Internal Audit Update report, Internal Audit has completed seven reviews and a full copy of each report has been circulated to members of the committee. The assurance given and number of issues raised for each review is summarised below:

Area of work	Assurance Level	Critical Issues	Major Issues	Moderate Issues
Payment card industry – data security standards (PCI DSS)	Low ●	0	2	3
General data protection regulations (GDPR) in Schools	Medium ●	0	1	3
Traffic Regulation Orders	Medium ●	0	0	3
Single Access Route to Housing (SARTH)	Medium ●	0	0	2
Waste & Recycling Proposal	Not applicable ●	0	1	4
Housing Tenancy	Low ●	0	2	1
Office Accommodation	Medium ●	0		

Payment Card Industry Data Security Standards (PCI DSS) – November 2019

Low Assurance ● Number of Risk Issues: 2 Major ● 3 Moderate ●

As this is a 'low assurance' report, the full report is shown on the committee's agenda separately.

General Data Protection Regulations (GDPR) in Schools – October 2019

Medium Assurance ● Number of Risk Issues: 1 Major ● 3 Moderate ●

This themed audit tested a sample of five schools to review their arrangements for GDPR in light of the change in legislation which came into force on 25 May 2018. The review focused on: governance and accountability, training and awareness, information asset register, data sharing and privacy impact assessments, direct marketing, data security

breaches and security of personal data. We did not cover freedom of information or subject access requests as this will be reviewed separately at a later date.

Head teachers are the named data controllers for their respective schools and all schools have a service level agreement with the council which includes the employment of a Deputy Data Protection Officer to support schools with complying with the Data Protection Act 2018.

Overall, the review concluded that there were good information governance arrangements in place and schools have the relevant policies and procedures in place. Not all policies have been updated to reflect changes in legislation and some are not accessible via each school's website.

Awareness of the data protection breach process has improved so schools know what to do in such circumstances. There have been 10 reported cases between November 2018 and July 2019, two of which were reported to the Information Commissioners Office which concluded that further investigation was not required. Currently, there is no formal mechanism for schools to report periodically to members as it the case for the council's services through the Senior Information Responsible Officer's (SIRO) report to Corporate Governance and Audit Committee.

School staff are required to complete data protection e-learning training module and, as at July 2019, 75% of school-based staff had completed the training. It is not mandatory for school governors to complete the data protection training; corporate services have provided training sessions for governors but these were not well attended. This issue was raised within our review of School Governance and actions have already been agreed to address the matter of governor training.

An information asset register has been collated to understand data flows and minimise the risk of data braches occurring. However, there have been delays in rolling it out to schools due to IT issues. This was being addressed at the time of our review.

Schools have good arrangements for data security including: restricting access to sensitive data, locking laptops when not in use, disposing paper documents using confidential waste bins, use of unique usernames and passwords and protocols for taking work off-site.

However, schools were not routinely reviewing data held to delete data which was no longer required. This is in line with the data protection principle.

Four issues were raised and agreed actions with separate action plans agreed with the specific schools we visited as part of the review. The issues are summarised below:

- Some schools do not have up to date policies and procedures in place to align with the requirements of the Data Protection Act 2018
- Some school based staff have not completed the mandatory data protection training.
- Schools did not have access to the Information Asset Register
- Some schools do not carry out routine data cleansing exercises to ensure data is retained for the required period.

Traffic Regulation Orders – November 2019

Medium Assurance ● Number of Risk Issues: 3 Moderate ●

A Traffic Regulations Order (TRO) is a legal order that allows the highway authority to regulate speed, movement and parking of vehicles as per the Road Traffic Regulation Orders Act 1984. TROs are used to help traffic flow, control traffic, improve road safety, preserve and improve the character or amenity of an area, or prevent serious road and bridge damage.

The review focused on: compliance with legislation, delegations and procedures, process for TROs, assessment and prioritisation, decision making, and system records.

Our review concludes that the TRO process is complying with the relevant legislation. We carried out a process mapping exercise to assist our review as the team does not have written procedures or guidance documents.

The team currently operate in a reactive way i.e. once a request for a TRO is received rather than proactively reviewing areas to implement TROs to alleviate traffic issues. Although this method ensures there is a level of backing for the TRO, it can lead to requests being of a low priority to the council and the backlog of TRO requests stood at approximately 90 at the time of our review. We suggest updating the TRO request forms to

channel requests and ensure that key information is included upfront including evidence of local residents and business in support of the request to save time and resource down the line.

A clear record of outstanding and completed TROs was not available for our review. Orders are prioritised as low, medium or high, but there is no formal methodology for this assessment or audit trail to show the rationale for the prioritisation level awarded.

Draft notices are published in the local press in accordance with legislative requirements, but details are not included on the council's website. Draft notices are shared with statutory consultees such as North Wales Police for approval or comment. This is coordinated by Legal Services.

The council fully complies with the public consultation stage, allowing sufficient time for any objectors to contact the council.

If one or more objections are received, this can prolong the TRO as the Traffic Team responds to each individual objector and must complete a delegated decision report and wellbeing impact assessment in order to get approval to proceed. We suggest consulting with local residents and businesses at an earlier stage to gauge the level of support so that the council can decide if it is in its interest to proceed with the draft TRO or combining TROs where there are more than one in the same geographical area.

Also, there is an opportunity to align the current scheme of delegations to the approach taken with planning application i.e. three or less objections are delegated to the Head of Planning & Public Protection for approval. It is vital that the local member(s) are still consulted and members have the opportunity to 'call in' any TRO request for a delegated decision should they require it.

Testing confirmed that all TROs were completed within the requisite two year period.

The three issues raised are summarised below:

- No comprehensive written procedures or guidance to direct staff to take appropriate and consistent action to process and manage TROs.
- No clear or consistent methodology for prioritising TRO requests.

- TRO process is time-consuming leading to a back log of requests. There is an opportunity to revise the process to make it more efficient.

Single Access Route to Housing (SARTH) – September 2019

Medium Assurance ● Number of Risk Issues: 2 Moderate ●

SARTH is a partnership arrangement between Conwy County Borough Council, Flintshire County Council, Denbighshire County Council and the registered social landlords (RSLs) that cover these areas. Its aim was to provide a common, efficient and accessible route to a range of affordable housing options by having a single housing waiting list and allocation policy. However, a single housing waiting list has not been implemented, and instead Conwy and Flintshire maintain their own waiting list. Denbighshire's housing waiting list has been managed by Flintshire since April 2017 following a tender process and runs until 2022. Flintshire run a triage service so customers contact them directly (rather than Denbighshire) with any housing queries and process housing applications via a secure SARTH portal.

Our review concludes that the partnership arrangements are working well, both regionally and separately with Flintshire, for the management of Denbighshire's waiting list.

The regional SARTH partnership does not have a documented partnership agreement as per the requirements of Financial Regulations. A Wales Accord on the Sharing Personal Information (WASPI) and Data Impact Assessment was being drafted by the time our review was coming to an end.

Lack of partnership agreement has caused implications such as uncertainty around how funds for the regional partnership should be used. While there are good governance arrangements in place for the regional and Flintshire partnership, these are not robust as there are no document terms of reference to ensure all members are clear of their roles and responsibilities.

Contract arrangements with Flintshire are robust with the contract subject to annual review, performance monitoring with weekly reports and monthly meetings between Denbighshire and Flintshire to go through any matters of concern.

Sample testing gave positive results overall.

In conclusion, the main risk issues are with the wider SARTH partnership. Operationally, the review found that the service provided to customers was well managed. Two moderate risk issues were raised as follows:

- While the SARTH partnership is working well overall, current arrangements need to be more robust to ensure that the partnership continues to add value for partners and provides an effective service to customers.
- The process for notifying of a property let is inefficient, could cause errors, and there is a risk that key officers might not be informed.

Waste & Recycling Proposal – September 2019

Assurance not applicable ● Number of Risk Issues: 1 Major ● 4 Moderate ●

This review focused on the Waste & Recycling Proposal as the project was in early development. The scope comprised of the following: business case and options appraisal, risk register, project plan, communication strategy and commissioning, procurement and contract management. This was an interim review and a further review will take place as the project progresses.

The council's proposal for residual waste and recycling is to help it meet its next target set by Welsh Government (WG) which is to recycle/re-use 64% of municipal waste by 2019-20 and 70% by 2024-25. Recycling performance had plateaued in recent years with the co-mingled collection, so the council sought to evaluate costs and effectiveness in changing the model to 'kerbside sort' to align with the WG's "Waste Collection Blueprint" as research states that collecting dry recycling material separately offers better quality material for recycling.

Our review concluded that, overall, the council is taking a reasonable approach to developing its proposal for reducing residual waste and improving the quality and take-up of recycling. The project is very complex with many uncertainties and potential risks which could affect the project from delivering its intended aims in terms of cost, quality and time. This was reflected in the project's delivery status which, at the time of our review, was showing as "At Risk".

Due to the various risks and uncertainties at this stage of the project, an audit assurance rating cannot effectively be given. The project is being managed well at this stage given the circumstances, and we will revisit the project again as it progresses. We raised five risk issues, some of which are corporate and outside of the project's direct control, that need to be addressed. Some of the risks raised are forward looking and therefore require attention in future phases of the project:

- In recent years, the council's waste management initiatives have mainly been reactive to financial pressure rather than demonstrating a clear commitment to the Welsh Government's ambition for zero waste. Service agreed to develop a waste management delivery plan which demonstrates due regard for the waste management hierarchy.
- The council does not have an acquisition and disposal policy to ensure that a formal process is followed and to demonstrate value for money.
- Strong contract management and gateway reviews will be required to deliver the construction of a Waste Transfer Facility given the risks associated. A financial contingency to cover risks materialising need to be tightly controlled and held separately to the project budget so that authorisation (e.g. by the project board) is required before its release.
- Co-options collect waste on behalf of the council with no formal agreement. There is little performance management to demonstrate that the council is managing the waste collected by its partner in line with legislative requirements.
- Project requires a robust communication strategy to set out how the council will engage with its various stakeholders.

Housing Tenancy – November 2019

Low Assurance ●

Number of Risk Issues: 2 Major ● 1 Moderate ●

As this is a 'low assurance' report, the full report is shown on the committee's agenda separately.

Office Accommodation – January 2020

Medium Assurance ●

Number of Risk Issues: 4 Moderate ●

This review looked at the three main office buildings (County Hall, Ruthin; Caledfryn, Denbigh and Russell House, Rhyl) and focused on:

- Asset management strategy, asset management group
- Action plan and targets for carbon reduction and energy efficiency
- Engagement & communication with members and staff
- Monitoring and performance measures
- Water use and waste management

Occupancy of the three main office buildings is monitored and the Asset Management Group oversee that the council maximises the use of its office space. County Hall has significant spare capacity and work is ongoing to see how this space can be used. The Asset Management Group meet regularly to discuss and make decisions regarding the property portfolio.

A Project Officer – Energy Conservation assesses all buildings' (not just offices) energy usage and carbon emissions. The monitoring of energy consumption is manual and time consuming to administer and could lead to input errors. The council has an IT system (Techforge) with the capability to collect and collate this information electronically, but an upgrade is required to address compatibility issues.

There are a number of proposed energy efficiency projects and the associated benefits are on course to achieve reduced emissions. The council has also signed up to green energy for all electricity supply from October 2019.

Water usage is monitored through six monthly bills which shows changes from the water meter readings – any spikes are investigated.

Recycling facilities are available in all offices but the level of recycling carried out varies due to the different waste collection contracts in operation. The facilities management team are looking to consolidate these contracts into one which demands best practise in terms of recycling. The current waste collection contracts do not gather information to enable monitoring of the waste stream at each building. It is anticipated that this will be

built into the requirements for the new contract so that the tonnage of general waste and recyclable waste collected can be monitored.

A case study in Russell House revealed that savings and carbon emissions reductions could be achieved when staff are encouraged to switch off lights and turn off docking stations when no longer in use, and to leave thermostats as they have been set.

Corporately, a Climate and Ecological Emergency Task and Finish Group has been recently formed, and this includes a work stream to raise staff awareness to encourage staff behaviour change.

Four medium risk issues were raised as follows:

- Staff behaviour change required to reduce energy consumption and water usage and increase recycling.
- The amount of waste collected from office buildings is not monitored to establish if recycling levels are increasing.
- Amendments required to the Techforge system so that energy information can be uploaded automatically, doing away with manual input which could lead to errors and is an inefficient use of the project officer's time.
- Performance indicators relating to energy consumption are not being kept up-to-date.

Progress in Delivering the Internal Audit Assurance 2019-20

The following table shows a summary of Internal Audit's work to date for this year. This table will be added to during the year as more projects commence.

Where projects have been completed since 1 April 2019, the table provides assurance ratings and number of issues raised for the completed reviews.

The following projects have not yet commenced but are scheduled for the coming months:

- Homelessness
- Health & Safety Enforcement
- Individual School Audits
- Housing Rents

Internal Audit Update – January 2020

Area of work	Days to date	Likely outturn days	Current status	Assurance level	Critical issues	Major issues	Moderate issues
AONB Grant	3	3	Complete	Grant certification	0	0	0
Office Accommodation	23	24	Final	Medium ●	0	0	4
Payment Card Industry – Data Security Standard	28	28	Final	Low ●	0	2	2
15 Minute Care Calls	22	24	Draft	-	-	-	-
Homelessness	5	25	Scoping	-	-	-	-
GDPR in Schools	29	29	Final	Medium ●			
Contract Management	36	37	Draft	-	-	-	-
Deprivation of Liberty Safeguards	2	20	Scoping	-	-	-	-
Education Improvement Grant	5	5	Complete	High ●	0	0	0
Pupil Improvement Grant	4	4	Complete	High ●	0	0	0
Revenues & Benefits 2019-20	47	48	Draft	-	-	-	-
Financial Services 2019-20	22	40	Fieldwork	-	-	-	-
Direct Payments for Children	25	30	Draft	-	-	-	-
Traffic Regulation Orders	14	14	Final	Medium ●	0	0	3
Recruitment & Retention	23	25	Closing	-	-	-	-
Health & Safety Enforcement	2	15	Scoping	-	-	-	-
Schools audit	2	20	Scoping	-	-	-	-
Housing Maintenance	2	3	Advisory	-	-	-	-
Housing Rents	1	20	Scoping	-	-	-	-
Section 106	2	2	Complete	Low ●	0	2	2
Performance Management	15	20	Draft	-	-	-	-
Single Access Route to Housing (SARTH)	23	23	Final	Medium ●	0	0	2
Revenues & Benefits 2018-19	3	3	Complete	Medium ●	0	0	10
School Governance	2	2	Complete	Medium ●	0	0	6
Grants Management	0	0	Complete	Medium ●	0	0	1

Internal Audit Update – January 2020

Area of work	Days to date	Likely outturn days	Current status	Assurance level	Critical issues	Major issues	Moderate issues
School Fund Management	4	5	Fieldwork	-	-	-	-
Bridges & Structures	1	1	Complete	Medium ●	0	0	4
Waste Management	6	6	Final	Not applicable ●	0	1	4
Legal Services Collaboration	12	12	Complete	Medium ●	0	0	4
Programme & Project Management	6	6	Complete	Medium ●	0	0	3
Financial Services 2018-19	10	10	Complete	High ●	0	0	5
Direct Payments for Adults	32	32	Complete	Low ●	0	3	2
GDPR	19	19	Complete	Medium ●	0	1	4
Cyber Security	10	10	Complete	Medium ●	0	0	2
Former North Wales Hospital	3	3	Complete	Advisory ●	0	0	1
National Fraud Initiative	16	40	Ongoing	N/a	N/a	N/a	N/a
Housing Tenancy	28	28	Final	Low ●	0	2	1
General Fraud Enquiries	37	90	Ongoing	N/a	N/a	N/a	N/a
Follow up audits	41	50	Ongoing	N/a	N/a	N/a	N/a
Management of follow ups	6	10	Ongoing	N/a	N/a	N/a	N/a
School fund admin & audits	19	40	Ongoing	N/a	N/a	N/a	N/a
Corporate Governance Framework	11	20	Ongoing	N/a	N/a	N/a	N/a
Corporate Working Groups	16	30	Ongoing	N/a	N/a	N/a	N/a
Consultancy & Corporate Areas	13	45	Ongoing	N/a	N/a	N/a	N/a
Team Meetings /1:1s	63	80	Ongoing	N/a	N/a	N/a	N/a
Management	30	40	Ongoing	N/a	N/a	N/a	N/a
Training & Development	70	85	Ongoing	N/a	N/a	N/a	N/a
Total	793	1,156	N/a	N/a	0	11	56

Progress with Improvement Actions 2019-20

Responsibility to resolve issues and manage agreed actions lies with management. The International Internal Audit Standards require internal audit to monitor what is happening to the results of audit engagements to ensure that actions have been implemented effectively or that management has accepted the risk of not taking action. The table below summarises progress as at the end of December 2019. The progress and current status of the actions showing as overdue is detailed in a separate Appendix report.

Service	Actions raised	Actions due	Actions completed	%	Actions past due date	%
Business Improvement & Modernisation	12	7	5	71	2	29
Community Support Services	20	14	6	43	8	57
Communities & Customers	25	1	1	100	0	0
Education & Children's Services	27	24	16	67	8	33
Facilities, Assets & Housing*	9	8	7	88	1	13
Finance & Property Services	33	22	17	77	5	23
Highways, Facilities & Environmental Services	21	14	6	43	8	57
Legal, HR & Democratic Services	43	34	7	21	27	79
Planning, Public Protection & Countryside Services	25	19	12	63	7	37
Total	215	143	77	54	66	46

* Some internal audit actions are still shown under the Facilities, Assets & Housing Service on Verto, but continue to be updated by the relevant officers.

Performance is below target overall with three services in particular experiencing difficulties in addressing actions by their due date. While progress is being made to address most of their actions, Legal, HR & Democratic Services has completed only 7 out of the 34 actions which are due and the Chief Internal Audit has raised this with the Head of Service.

Progress with Counter Fraud Work

Counter fraud work carried out since the last internal audit update includes:

1. Providing advice on counter fraud to officers on request;
2. Review of data matches from the National Fraud Initiative (NFI) exercise 2018-19 continues to progress well. Monies identified as wrongfully paid are in the process of recovery.
3. Wales Audit Office review of Local Government counter fraud arrangements was reported to the Public Accounts Committee in July 2019. This highlights the lack of counter fraud arrangements across Local Authorities since the transfer of Benefit Fraud teams to the Department of Work and Pensions' Single Fraud Investigation Service (SFIS). The second phase of the audit has recently commenced.
4. Long outstanding voluntary school fund certificates are all up-to-date apart from Blessed Edward Jones's school funds which we are awaiting documents to enable us to complete the audit. Blessed Edward Jones School has since closed and we are now liaising with staff at Christ the Word School for the information required. Education Support maintain regular contact with schools to prompt them to maintain up-to-date certificates.
5. Housing Tenancy audit completed highlighting improvement necessary to detect potential errors and fraud such as unauthorised subletting or undeclared lodgers. Housing Services are due to commence Tenancy Audits to ensure that tenancies are appropriate and in line with the tenancy agreements. Further information is contained in the Internal Audit reported as a separated agenda item to the Corporate Governance & Audit Committee.

Referrals 2019/20

No allegations have been referred to Internal Audit this year. One whistleblowing concern has been raised which features as part of the Committee's Annual Whistleblowing Report (separate agenda item).

Internal Audit Performance Standards

The table below shows Internal Audit's performance to date for 2019/20.

Performance Measure	Target	Current Performance
Send a scoping document before the start of every audit	100%	100%
Issue draft report within 10 days of the closing meeting	Average days less than 10	6.5 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	2.2 days
Percentage of audit agreed actions that have been implemented by services	75%	54%

Current performance is within the set target apart from the measure relating to the number of internal audit actions implemented by management. This measure is reliant on management taking appropriate action within the agreed timescales.

The completion rate by service is summarised in the table on page 16 and a list of overdue actions is included as a separate appendix report. The Chief Internal Audit has contacted Heads of Services and/or their management team and raised their awareness of current performance with implementing internal audit improvement actions so that relevant action can be taken.

CIPFA Practical Guidance for Audit Committees – Update

The Welsh Chief Auditors Group hosted an Audit Committee Chairs Network and the Chair and Chief Internal Auditor attended its first meeting in October 2019. It comprised a briefing on the role of audit committees from the Wales Audit Office and CIPFA representative with contributions from various Chief Auditors from Council's across Wales. The event gave an opportunity for the Committee Chairs to network with their counterparts from other Council's across Wales and touched on emerging legislation, Local Government & Elections (Wales) Bill, which may have implications on this committee.

Finance facilitated training for members and staff on Treasury Management delivered by Arlingclose Ltd on the 20 November 2019. The Democratic Services Manager is coordinating training with CIPFA on "How to be a more effective audit committee" to be held on 13 March 2020.

Appendix 1 – Assurance Level Definition

Assurance Level	Definition	Management Intervention
High Assurance ●	Risks and controls well managed and objectives being achieved	Minimal action required, easily addressed by line management
Medium Assurance ●	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives.	Management action required and containable at service level. Senior management and SLT may need to be kept informed.
Low Assurance ●	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.	Management action required with intervention by SLT.
No Assurance ●	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives.	Significant action required in a number of areas. Required immediate attention from SLT.

Risk Issue Category	Definition
Critical ●	Significant issues to be brought to the attention of SLT, Cabinet Lead Members and Corporate Governance and Audit Committee.
Major ●	Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT.
Moderate ●	Operational issues that are containable at service level.

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Internal Audit Actions as at 31 December 2019

Key to RAYG (Red, Amber, Yellow, Green) Status:

	Not yet started / No update
	On target
	Experiencing obstacles
	At Risk
	Compromised

Business Improvement & Modernisation

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto (in bold) / officer's initials	Action due date (in bold) / Date of last progress update
	IAABIM25a	D181923 (2.2) Prepare guidance on email accounts and promote on Link as an article to strengthen awareness of types of email communications.	01/08/19	31/10/19
		This work is being done at the moment and will hopefully be on LINC soon	ST	08/10/19
	IAAFAHBIM01a	D171825f – Health & Safety in Schools: Tracking system for 'recommended actions' following health & safety inspections / assessments. System to include timescales, reminders and escalation triggers.	27/06/18	30/09/19
		ICT have developed program, nearly ready for trial. Put as on target because actual target passed some time ago. No new target set for us because beyond our control	MS	05/11/19

Communities and Customers (formerly Customers, Communication & Marketing)

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto	Action due date (in bold) / Date of last progress update
No actions overdue				

Community Support Services

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto	Action due date (in bold) / Date of last progress update
	IAACSS09a	D181924 - Complete Support Budget/Direct Payments Guidance review and finalise to ensure staff have a clear understanding of their roles and responsibilities. Guidance will also include the role of peer forums (1.2, 3.3 & 4.4)	02/09/19	29/11/19
		Work is progressing on review of guidance to reflect current practice. On target for completion November 2019.	SH	28/10/19
	IAACSS10	D181294 - Training on revised Support Budget/Direct Payments Guidance to be delivered to all CSS operational staff (1.3, 3.4 & 4.5)	02/09/19	20/12/19
		Plan for Principal Manager to meet with Service and Team Managers regarding best way to disseminate revised guidance.	SH	28/10/19
	IAACSS13	D181924 - Revise assessment document in PARIS to better capture key information (2.3 & 3.5)	02/09/19	20/12/19

	An Integrated Assessment document to be drafted between North & South Team representatives, prior to consultation across operational teams. Meetings have been arranged, but not commenced due to sickness. The plan is to have a detailed assessment document that will sit behind the What Matters document on PARIS and be used for citizens with more complex needs.	SH	28/10/19
IAACSS17	D181924 - Implementation of regular Team and Service Manager casefile audits to improve recording practice and ensure adherence to process (including authorisation and support budget calculation) (2.7 & 3.7)	02/09/19	20/12/19
	Agreed casefile audit tool at October OMG and the process is now being documented by Service Manager ready for circulation. Full roll out during Q3. (see IAACSS20a)	SH	28/10/19
IAACSS18	D181924 - Implementation of Pre-Payment cards for new and existing Direct Payment recipients (2.8 & 5.1)	02/09/19	31/03/20
	Client Services Manager has agreed contract variation and spend - contract currently with the Legal & Procurement Operations Manager FAO workshop for project implementation plan held and PID to be drafted. Scope discussions to be held with OMG and Children's Services in Q3.	SH	28/10/19
IAACSS19a	D181924 - Team Managers to audit their teams unauthorised ICSPs and ensure they are authorised, closed or cancelled (2.9)	02/09/19	31/10/19
	Unauthorised IC&SPs list compiled for by Team Managers who are now working through them. Expected completion of required actions by end Q3. Difficulties have arisen where there is still an unauthorised ICSP for a citizen now deceased, as ICT have not been able to re-open them for authorisation without undoing various other actions, including the record of death. These cases may need to be considered separately.	SH	28/10/19
IAACSS23a	D181924 - Explore possibility of a revised ICSP to improve output from PARIS and enable a copy to be shared with citizens (4.1)	02/09/19	20/12/19
	ICT have not been able to provide any resource to update the IC&SP on PARIS. We are likely to change to a different system within 2 years. Discussions ongoing about how best to achieve a suitable IC&SP output for use with citizens, providers and partners. North Team Manager developing an integrated assessment, which will sit alongside the IC&SP, but not change it.	SH	28/10/19
IAACSS25a	D181924 - Reviewing Improvement Plan to be developed and implemented	02/09/19	29/11/19
	Improvement plan developed and implemented. Review team tracked all cases missed, gaps in information or if review date missing was sent back to Teams to rectify. Teams are reviewing outcomes and this can be done within a 3 month period. Cases will transfer to Review team when stable for 12 monthly formal reviews in line with the SSWB Act. Ongoing checking is undertaken by the Review Team. Continue to monitor progress.	SH	28/10/19

Education & Children's Services

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto	Action due date (in bold) Date of last progress update
	IAAECS03a	D131443F - Governance: Review existing Instruments of Government to ensure that they comply with current legislation and are signed off by the local authority.	01/01/15	31/12/18
		Meeting arranged for December 9th to complete the review of Instruments of Government to ensure they comply.	GD	28/11/19
	IAAECS16a	D171824f School Transport : Management of Additional Learning Needs (ALN) transport applications and managed transport	01/06/18	31/12/18

	A post for an Education Support Officer within the School Support Team is due to be advertised which is to be jointly funded by Education. As part of their role, they will be reviewing the Capita One system and assisting teams to utilise modules on the system that are currently not being used. ALN and managed transfers could form part of this review. Dependent on the outcome of the recruitment process it is anticipated that an action plan will be prepared by the end of September 2018 and delivery of this activity will depend on the priorities detailed in the action plan.	HBP	02/07/18
IAAECS18a	D171804 - ALN Audit: Review adequacy of provision within Denbighshire as part of the Denbigh schools' review of the 21st Century schools	27/11/18	30/09/19
	work progressing as part of the 21st Century Schools Programme	GD	23/10/19
IAAECS20a	D181913 - Ensure governor vacancies are filled to comply with the Maintained Schools (Wales) Regulations 2005 and contact the Local Education authority (LEA) for LEA Governors.	31/05/19	31/05/19
	Process to fill governor vacancies in place and undertaken as required. This work is ongoing and form part of the day to day running of the service.	GD	06/01/20
IAAECS21a	D181913 –Undertake a cross-match of potential governors from the registration process where names and contact details will be supplied to the schools with LEA vacancies. Prospective governors will be introduced to the schools	31/05/19	24/07/19
	Matching process in relation to vacancies ongoing	GD	30/07/19
IAAECS28a	D181913 - Ensure all new governors have DBS in place and date of renewal as is the case with all current governors.	24/07/19	31/10/19
	HR have a process to ensure all new governors comply with the requirements to have a DBS. Schools are aware of the expectations upon them to ensure appropriate safeguarding	GD	06/01/20
IAASCHOOLS01a	D171825f – Health & Safety in Schools: Schools to advise Corporate Health and Safety on the progress/status of actions resulting from the Corporate Health & Safety inspections	27/06/18	30/09/19
	The Corporate Health and Safety team has noticed an improvement in the communication from schools, in particular with the Business and Finance managers for the clusters on the status of actions arising from the inspections carried out. Once the new action tracking system is implemented, the Corporate Health and Safety team will be able to measure progress with addressing actions more accurately. (Updated by SD, Senior Auditor)	LL	22/05/19
IAASCHOOLS02a	D171825f – Health & Safety in Schools: Corporate induction template provided by HR and H&S checklist template provided by Corporate Health and Safety to be used by schools to devise in-house induction for all new staff.	27/06/18	30/03/19
	Sample testing shows that: - <ul style="list-style-type: none"> • 2/7 schools have used the induction template for new staff at the schools and maintain records of the training received which includes H&S training. • 2/7 confirmed that staff have received training as part of the induction process or through the health and safety awareness training, but do not retain a formal record to demonstrate this. • 3/7 did not respond. HR are currently in the process of launching the Corporate HR Induction checklist through the new starters' website, which has not been presented to schools as yet (planned for September 2019). Some schools are not maintaining records of staff training, including mandatory health and safety awareness training to confirm their attendance. (Updated by SD, Senior Auditor)	LL	22/05/19

Facilities, Assets & Housing

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto	Action due date (in bold) Date of last progress update
	IAAFAH30a	D181904 - Housing Rents - Progress the purchase of Open Housing GDPR module to manage data within the housing ICT system. If it is agreed not to purchase the module, ensure another method of removing data from the system, in line with the agreed retention	15/10/18	31/03/19
		GDPR module has been agreed as a requirement by Open Housing Project Board. This is being implemented separately to the R&M implementation and will be a stand-alone mini project which is due to commence towards the end of November and will be tested against the Core in Open Housing.	MS	05/11/19

Finance

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto	Action due date (in bold) Date of last progress update
	IAAFIN05a	D161756f - Corp PC: Changes have been identified within the Proactis system, which will provide consistency and enhanced control in processing of petty cash claims. These changes will feed into guidance documents and communicated to all petty cash users.	28/02/18	31/07/18
		Accounts Payable has completed actions in terms of renaming the Creditor records. There are still further actions on the project that are being completed by Finance and Audit. The date for the completion of the finance section of the guidance has been rolled on, a new completion date of July has been agreed	PY	05/06/18
	IAAFIN19a	Grant Management Ref 1.1 - Review Financial Procedure Rules and draft amendments to the Constitution	31/03/19	31/12/19
	IAAFIN22a	Revenues & Benefits Report ref 1.1 - Implement a periodic routine between Academy & EDRMS to archive or delete data in line with GDPR.	24/04/19	31/08/19
		The latest version of the data deletion routines for the Academy application is currently being tested. Once complete, the process for deleting data from the EDRMS system will be created and tested. Revised date of 01/05/2020 provided by service	IG	20/12/19
	IAAFIN26a	Revenues & Benefits Report ref 2.2 - Draft procedures for overpayments to be updated and finalised	24/04/19	31/07/19
		The draft procedures for overpayments are still to be completed, and it is expected that these procedures will be finalised by April 2020. Training has been carried out and there is more resilience for the overpayments process now it is part of the Recovery team. Revised completion date of April 2020.	IG	20/12/19
	IAAFIN35a	Revenues & Benefits Report ref 9.1 - Discuss the feasibility and resource requirement for implementing payment by direct debit	24/04/19	30/06/20
		The overpayments managed by Civica could reduce as benefits are transferred to Universal Credit (which are managed by DWP). However, we will discuss the feasibility and resource requirement for implementing payment by direct debit at our systems meeting. Service have provided a revised update of 01/05/2020	IG	20/12/19
	IAAFIN40a	Financial Services 2018/19 ref 1.2 - Update and translate Money Laundering Policy	01/07/19	30/09/19

Highways & Environmental Services

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto	Action due date (in bold) Date of last progress update
	IAAHES05a	D171824f Learner Transport : Update the corporate contract register with all learner transport contracts	01/06/18	30/09/18
		Circa one-third of contracts have changed w.e.f. Easter 2019	CS	30/04/19
	IAAHES14a	D181918: The use of a bridge management system such as AMX will be used for planning and prioritisation		30/09/19
		There is a slight delay due to small procurement issues but these should be resolved shortly	CS	25/10/19
	IAAHES15a	D181918: The Senior Engineer (Structures) is required to produce a basic but robust prioritisation methodology		30/09/19
		A final version of the process will be ready within the next couple of weeks	CS	25/10/19
	IAAHES16a	D181918: This will be addressed – especially in light of the forthcoming implementation of the code of Practice (the two documents will be linked)		31/03/19
		It has taken a little longer than planned to get the Denbighshire version of the new Code of Practice in place but a report has now gone to Cabinet Briefing and we are hopeful that new practices can be embedded soon.	CS	25/10/19
	IAAHES17a	D181918: The existing details within the current HAMP will be revised, updated and expanded		28/02/19
		We are working to overcome some problems in relation to financial reporting but other than that we are close to finalising the current HAMP	CS	25/10/19
	IAAHES18a	D181918: The overall statutory highway inspection process will be more robust following the introduction of the new Code of Practice. This will mean that current weaknesses will be more rigorously inspected.		30/04/19
		It has taken a little longer than planned to get the Denbighshire version of the new Code of Practice in place but a report has now gone to Cabinet Briefing and we are hopeful that new practices can be embedded soon.	CS	25/10/19
	IAAHES4.1a	D181924 - Agree procurement route to secure a formal arrangement with a textile collector for the continued collection of textiles		31/10/19
		Contract will be created in agreed route with Procurement (concessions contract).	CS	25/10/19
	IAAHES5.2a	D181924 - Development and launch of the Denbighshire School Waste and Recycling Education		30/09/19
		Denbighshire Eco School Awards launched Sept 2020. Parc Adfer visitors centre due to be completed in next month. Awaiting information from FCC over use of Parc Adfer Community Benefit Programme to support production of education materials.	CS	25/10/19

Legal, HR & Democratic Services

Activities

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto	Action due date (in bold) Date of last progress update
	IAALHRD07a	D171801f - Corporate Document Retention - HR to ensure that documents are disposed of in line with the corporate document retention schedule - ITrent	01/01/18	31/03/19
		This has been halted pending legal advice on retention of files for reference purposes specifically for rolls that work with children and vulnerable adults	LD	14/02/19
	IAALHRD09a	D171815f - Travel & Subsistence: Send a DVLA form to all employees who have claimed mileage within the last 12 months.	01/04/18	31/03/19
		The Fleet Manager previously had to manually input all completed DVLA forms onto the system. However, now looking at forms being completed electronically therefore less administrative work and potentially easier to monitor.	LL	12/09/19
		Currently, there is no common field to enable cross-referencing with i-Trent and there is a need to capture payee numbers; this is still in discussion.		
		Discussion between Service Improvement Manager and Strategic HR Manager took place on the 13 August 2019 to discuss DVLA forms and how to implement this process to existing staff and regulate how to monitor going forward, including who will carry out the DVLA checks on current employees. As this can now be done electronically, it will be a lot easier and cheaper to do than previously. A meeting is arranged between the Fleet Manager and Strategic HR Manager in September to understand how this can be done. Revised date 02/12/2019 (updated by SW)		
	IAALHRD10a	D171815f - Travel & Subsistence: Check the declaration on Proactis to ensure that it complies with the requirements of the policy.	01/04/18	31/03/19
		Ongoing discussions regarding car user checks; Fleet and HR have identified that there is a need for more checks to be done regularly. CSSR Project and Health and Safety to provide a report to SLT outlining the situation and proposals for the way forward. Following SLT recommendations, officers can implement as necessary. Revised date 02/12/2019 (updated by SW)	LL	12/09/19
	IAALHRD11a	D171815f - Travel & Subsistence: Add a separate declaration relating to the completion of the DVLA form in the last 12 months	01/04/18	31/03/19
		Ongoing discussions regarding car user checks; Fleet and HR have identified that there is a need for more checks to be done regularly. CSSR Project and Health and Safety to provide a report to SLT outlining the situation and proposals for the way forward. Following SLT recommendations, officers can implement as necessary. Revised date 02/12/2019 (updated by SW)	LL	12/09/19
	IAALHRD12a	D171815f - Travel & Subsistence: Check the capability of Proactis to see whether it can store information regarding the date the DVLA form was completed	01/04/18	31/03/19
		Await the outcome of SLT decision. Revised date 02/12/2019 (updated by SW)	LL	12/09/19
	IAALHRD13a	D171815f - Travel & Subsistence: Incorporate a process for the monitoring of the return of completed DVLA forms and ensure forms received are checked within 48 working hours of being received by the Council.	01/04/18	31/03/19
		A meeting between the Fleet Manager and Strategic HR Manager will take place in September 2019 to understand how this can be done. Revised date 02/12/2019 (updated by SW)	LL	12/09/19
	IAALHRD14a	D171815f - Travel & Subsistence: Update the Travel and Subsistence Policy to reflect the changes in the process for claiming mileage.	01/04/18	31/03/19

	Policy still to be updated. Latest version on the intranet states that the next review will be in July 2019; https://www.denbighshire.gov.uk/en/employee/documents/human-resources/my-employment/Policy-Travel-and-Subsistence-Policy.pdf The policy needs to reflect the changes in the process for claiming mileage, including: ■ updates regarding the Proactis system ■ revised timescale of the review from annually to biennially guidance to staff on why they have to complete the DVLA796 form (also included in the contract of employment). Revised Date 02/12/2019 (Updated by SW)	LL	12/09/19
IAALHRD15a	D171815f - Travel & Subsistence: To provide a link to the revised policy to the Proactis Team, who will create a link on the P2P Expenses module to the "Travel and Subsistence" policy on the intranet.	01/04/18	31/03/19
	HR to send the Financial Systems Manager (Proactis) a link to the updated "travel and subsistence" policy ; once received a link to the policy can be created on the intranet. Revised Date 02/12/2019 (updated by SW)	LL	12/09/19
IAALHRD17a	D171814f- Joint Procurement: Update the procurement strategy	01/06/18	31/03/19
	Procurement Strategy been amended and being discussed at officer level. Waiting for FCC to add in some late additions about Ethical Code of Procurement. May be a need for DCC to do the same. Paper going to CLT on 15 April to discuss whether DCC will move to adopt the Code, and if so, amendments will be made to the Procurement Strategy.	KAE	16/04/19
IAALHRD19a	D171814f-Joint Procurement: Review contract procedure rules relating to extensions, variations and direct awards to ensure markets are regularly tested and the most competitive price obtained (and remind staff of good practice in relation to these)	01/06/18	31/10/18
	CPRs amended and being discussed at officer level	KAE	16/04/19
IAALHRD23a	D171807F - Financial Services 2017-18: Review and amend the disclaimer allowing staff to opt out of information sharing in line with General Data Protection Regulation.	01/03/18	31/05/18
IAALHRD26a	The Registration Service must develop document procedures and monitor the implementation of the procedures regularly (IAA ref 1.1)	01/12/18	01/06/19
	A Registrars shared drive has been set up and folders created, into which documented procedures are now being saved. Staff are informed when/where information is saved onto the shared drive. This will be monitored by Registration Services Team Leader and Business Support Manager and will be discussed at Team Meetings. This will be an ongoing process. 30% complete.	KAE	28/10/19
IAALHRD27a	Undertake a GDPR review of the Registration Service and its procedures (IAA ref 2.1)	01/12/18	31/05/19
	A meeting with the new Registration Service Team Leader, Business Support Manager and Data Protection Officer has now been arranged for December 2019	KAE	28/10/19
IAALHRD28a	Superintendent Registrar to commence and maintain a records deletion programme (IAA ref 2.2)	01/12/18	01/04/19
	A meeting with the new Registration Service Team Leader, Business Support Manager and Data Protection Officer has now been arranged for December 2019 - this is part of that process	KAE	28/10/19
IAALHRD30a	Registration Service to review the record of issue list and the cashbook register and implement an improved income record document (IAA ref 3.1)	01/12/18	31/03/19
	The record of issue list has been updated to include the key information required, e.g. payment method, fee amount and receipt number. The General Register Office has approved the new template. During September 2019, there will be a scheme change to the Denbighshire registration district reducing the stock held by the registration staff. Originally, there were four principal staff and two deputies who were each responsible for a cash book recording the income for births, marriages and deaths separately. Under the new scheme, there will be two cashbooks in operation, one in Rhyl and the other in Ruthin. A new cashbook template has been prepared in advance of this change, which records income from births, deaths and marriages. When implemented, we will revisit to assess the effectiveness of the new process. Revised Date 01/01/2020 (Updated bySW)	LL	06/09/19

IAALHRD31a	Registration Service to establish a robust system of reconciliation for card and cash payments, including payments for Approval of Payments (ref IAA 3.2)	01/12/18	31/03/19
<p>As suggested, staff now initial each other's record of issue list as evidence of their check of the cash held (rather than recording their initials on the electronic cashbook). There is also now an adequate audit trail to trace card payments to the transaction it related to rather than the cardholder.</p> <p>A new reconciliation process has been implemented by Finance to enable them to check the card payments to the ledger. Currently, this means that registration staff have to send over copies of card payments receipts to Finance for checking as there are a number of queries as a result of carrying out the reconciliation. Once the reconciliation process is further embedded, we will revisit to confirm that the number of variances have reduced.</p> <p>Documentation recording the Approval of Premises payments is now electronic and there is more involvement from Finance in the process. However, the reconciliation is still not carried out to source documentation, e.g. notice of approval. Now the new Superintendent Registrar has been appointed, we have suggested that she is involved in the process to ensure that there is a sufficient separation of duties. Revised Date 01/01/2020 (Revised SW)</p>		LL	06/09/19
IAALHRD32a	Implement advice on accounting for VAT on Discretionary Services and ensure VAT is not charged for any non-vatable services (IAA ref 3.3)	01/12/18	31/03/19
Staff were advised of the correct process after our review. As there is no documented guidance detailing this and the cashbook template does not currently require this to be recorded, we are unable to confirm that VAT is accounted for correctly. Revised Date 01/12/2019 (updated by SW)		LL	06/09/19
IAALHRD33a	Diarise regular team meetings, appraisals and one-to-one meetings (IAA ref 4.1)	01/12/18	01/04/19
Team meetings are now diarised and held regularly, 1 to 1 meetings (Business Support Manager/Team Leader) held monthly. Appraisals are scheduled for January 2020 - 50 % complete		KAE	28/10/19
IAALHRD34a	Registration Service to explore options for improved online access to services and maintain up to date and accessible web information (IAA ref 4.2)	01/12/18	01/06/19
ICT Business Partner is preparing business case to modernise software system which will enhance online provision of services. We will continue to work with Webteam to enhance webpage - 10% complete		KAE	28/10/19
IAALHRD36a	Registration Service to consider options with regards to the telephone answer message to improve the customer experience and consider GDPR implications (IAA ref 4.6)	01/12/18	31/12/18
There have been several options discussed with ICT on improving the way telephone calls are dealt with. Ruthin registration staff put their calls through to Rhyl Register Office when they have appointments, and a new process is due for implementation where calls will be directed depending on the nature of the call, e.g. certificate requests, booking appointments, etc. Call back can be requested if required. Revised Date 01/11/2019 (updated by SW)		LL	06/09/19
IAALHRD38a	Review and update the formal delegation agreement between all authorities annually (Risk Issue 1)	31/08/19	01/10/19
IAALHRD46a	The Deputy DPO to work with ICT and cluster managers to ensure the current reporting functionality allows cluster managers to provide individual schools with a copy of the Register (Risk Action Ref 3.3)	01/10/19	29/02/20
<p>As the Asset Register is not yet completed, this has not yet been tested.</p> <p>Revised timescale for completion provided which is 29/02/2020.</p>		SD	06/01/20
IAALHRD47a	Update the Retention Policy and provide a schedule to all schools (Risk Action Ref 4.1)	01/10/19	29/02/20
Retention periods against Welsh legislation have not yet been checked. We anticipate this work will be done in the next few weeks. Revised timescale of 29/02/2020 provided.		SD	06/01/20
IAALHRD48a	Discuss Record Management procedures at the DPO/Cluster Managers meetings to ensure processes are put in place to comply with GDPR requirements (Risk Action Ref 4.2)	01/10/19	31/12/19

	This has not been progressed as there has only been one recent meeting. This will be discussed in future meetings Revised timescale of 29/02/2020 provided.	SD	06/01/20
IAALDHR51a	Financial Services 2018/19 ref 2.1 - Create link within the staff hand book for annual leave guidance (formerly IAAFIN41a)	01/07/19	11/07/19
IAALDHR52a	Financial Services 2018/19 ref 3.1 - Send out current process for capturing leaver details to all managers (formerly IAAFIN42a)	01/07/19	11/07/19
IAALDHR53a	Financial Services 2018/19 ref 3.2 - Revised leaver form review process to be implemented (formerly IAAFIN43a)	01/07/19	15/07/19

Planning & Public Protection

RAYG	Verto Reference	Audit Reference & Agreed Action followed by progress update	Date added to verto	Action due date (in bold) Date of last progress update
	IAAPPP07	Welsh Transport Grants (D181905f) – Basic housekeeping of files will be undertaken in the short term to minimize duplication and to ensure all files are accessible. This will be done ahead of the new application process for financial year 2019-20 funding.	01/11/18	31/12/18
		Quarter 2 update - Further folders have been added for scheme monitoring	EW	05/11/19
	IAAPPP08a	Welsh Transport Grants (D181905f) - Only key e-mails will be saved to the scheme network folder.	01/11/18	30/11/18
		Cleansing exercise of electronic files; need to save all relevant/approval emails going forward. Revised Date 28.02.2020 (updated by SW)	LL	12/09/19
	IAAPPP14a	S106 (D181901) This will be incorporated as part of Risk Issue 1 as part of the Initial scoping meeting with representatives from each service area.		28/02/19
		The Community Benefits Hub roles have been approved and recruitment process is due to start in September 2019 with an anticipated completion date of December 2019. The Community Benefits Hub officers will be responsible for monitoring developments' progress and chasing obligations due to the council. Due to the delays in the recruitment of officers a revised completion date of January 2020 has been provided Updated by SJD on 16/8/19	LL	16/08/19
	IAAPPP15a	S106 (D181901) All new S.106s to be mapped on a central system to be agreed with the group. Heads of terms and developers estimated development programme will then be circulated to the group		30/04/19
		As part of the Community Benefits Hub process, work is being carried out to procure a system that will support the recording and monitoring of S.106 agreements. Once the system is in place, all new S.106 agreements will be recorded where there is a financial contribution as well as older S.106s with valid financial contributions. New S.106 agreements will continue to be recorded on the current system until the new system is in place and the level of detail to be recorded has been confirmed. A revised date of January 2020 was provided. Updated by SJD on 16/8/19	LL	16/08/19
	IAAPPP18a	S106 (D181901) Will be incorporated as part of Risk Issue 1 as part of the Initial scoping meeting with representatives from each service area.		28/02/19
		The current database is updated when trigger points are met and contributions have been received. No work has been carried out to update older S.106s where there are revised applications or applications have lapsed. As part of the monitoring function noted in Risk 2.3, discussions will be held in terms of the older S.106s to be recorded on the new system to ensure the data held is valid and accurate. A revised date of January 2020 was provided. Updated by SJD 16/8/19	LL	16/08/19

	<p>IAAPPP20a S106 (D181901) The monitoring role will reconcile money owed. Until an Officer is in post new S.106's will be mapped by the Development Management team and info circulated to the group.</p> <p>The monitoring of the S.106 contribution owed will be part of the Community Benefits Hub officers' role. The recruitment process is due to commence in September 2019 with the officers due to be in post in December 2019. In the meantime, new S.106's will be mapped by the Development Management team and information circulated to the group. Investigations of monitoring fees are still ongoing in terms of the viability. A revised date of January 2020 was provided.</p> <p>Updated by SJD 16/8/19</p>	<p>30/06/19</p> <p>16/08/19</p>
	<p>IAAPPP23a S106 (D181901) Investigation into options for dealing with Risk 2 to ensure resilience in the documenting and monitoring role.</p> <p>Investigations have been carried out and agreement has been reached that the monitoring of the S.106 contributions in terms the triggers will be carried out by the Community Benefits Hub to ensure there is sufficient resilience once officers are in post. A revised date of January 2020 was provided.</p> <p>Update by SJD 16/8/19</p>	<p>30/04/19</p> <p>16/08/19</p>

Report to	Corporate Governance Committee
Date of meeting	22 January 2020
Lead Member / Officer	Lisa Lovegrove – Chief Internal Auditor
Report author	Lisa Lovegrove – Chief Internal Auditor
Title	Internal Audit of Housing Tenancy

1. What is the report about?

This report provides details of a recent Internal Audit report of Housing Tenancy that received a 'Low' assurance rating.

2. What is the reason for making this report?

Corporate Governance & Audit Committee has agreed that it will receive and discuss all Internal Audit report receiving a 'Low' assurance rating so that they can discuss the outcome and receive assurance that improvements will be made.

3. What are the Recommendations?

That the Committee comments on the report and decides whether it requires any further update reports on progress with the improvement action plan.

4. Report details

We carried out this review of Housing Tenancy as housing is one of the corporate priorities in the corporate plan. Also, this review forms part of our proactive-counter fraud work.

The scope of the audit focused on: data validity checks, policies and procedures, sub-letting and lodgers, and tenancy misuse.

Our review highlighted issues relating to system data inaccuracies and absence of tenancy audits to check that the terms of tenancy agreements are being met e.g. legitimate persons are living at the property with no unauthorised subletting or lodgers. During our review, the service confirmed that tenancy audits were due to commence and is in the process of being rolled out.

Procedures and guidelines around tenants verification checks, subletting, lodgers and tenancy misuse and potential tenancy fraud needs development to ensure that a consistent process is applied.

While Housing staff review National Fraud Initiative matches biennially, there is little information sharing outside of this to assist with prevention and detection of fraud. Also, a more coordinated approach across different housing sections is needed to ensure that all key information relating to tenants and occupants are recorded to ensure that tenancy information is kept up-to-date and any potential misuse is addressed.

Although there were some positive measures in place and our review did not identify any instances of fraud; because of the weaknesses identified, we provided a low assurance rating. Further information is available in the Internal Audit report – see 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 Well-being Impact Assessment?

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.

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Housing Tenancy



Purpose & Scope of Review

We carried out a review of Housing Tenancy as housing is one of the corporate priorities in the Corporate Plan, and forms part of our proactive counter-fraud work. This review provides assurance for senior managers within the service, the Annual Internal Audit Report, and the Annual Governance Statement.

Our scope covered the following areas:

- Data Validity Checks;
- Policies and Procedures;
- Subletting and Lodgers; and
- Tenancy Misuse.

Background & Context

During May 2019, a new staffing structure was implemented to enable staff to be multi-skilled to carry out all key duties such as administering income, reduce duplication and ensure processes are administered effectively. Some of the key processes such as the signing up of tenants are under review, and tenancy visits are planned to be introduced in the autumn. The housing website is also being redesigned to provide more guidance for tenants.

Housing tenants and the waiting list matches form part of the biennial National Fraud Initiative (NFI) data-matching exercise. There is a designated person within the service who is responsible for reviewing the matches.

Audit Opinion

Housing review their NFI matches as part of the biennial exercise to help identify data anomalies that may be due to fraud. We reviewed a sample of the recent matches and planned to visit council tenants to carry out validity checks and confirm there were no unauthorised sub-lettings or lodgers. However, there were a number of issues with the accuracy of the data rendering these visits unbeneficial:

- The majority related to historic joint tenancies where one tenant had moved out and the system had not been updated because a court order had not been received. The process has been improved for newer tenancies, but no action has been taken to remove the historic cases where diary notes clearly detail that the council has been informed of a tenant leaving;
- Tenancy agreements may not be valid as the person who signed it may no longer reside at the property;

- Other occupants of a property may not be recorded, or are contained within diary notes rather than using the occupancy list;
- Date of birth and national insurance numbers were not recorded for historic tenancies (this affects the quality of the data-matching results); and
- The death of a tenant in 2007 who was on a joint tenancy was not recorded. Due to a system error, the data of death could not be recorded in other cases and instead tenancies were terminated; ICT are hoping that a system upgrade has alleviated this issue.

As part of the application process, robust checks are carried out to confirm the person's identification and proof of earnings, obtaining references, and confirming someone is on benefits or universal credit. However, a copy of the identification documentation is not taken nor is the system functionality for uploading the tenant's photo used (information security advice would have to be taken first before this is pursued). Improvements in this area will assist in confirming that the rightful person is residing in the property.

However, there are currently no checks to confirm that the terms of the tenancy agreement is being met around legitimate persons living at the property and to detect any tenancy misuse, unauthorised subletting or taking in of lodgers. Tenancy audits are planned to be introduced in the autumn where every property will be visited within two years, and those that have not had any contact for a significant period of time will be prioritised first. However, the data quality will need to be improved before these visits occur.

Documented guidance should be provided to staff on subletting, lodgers, tenancy misuse and fraud so a consistent process is adopted and appropriate measures put in place. Similarly, there needs to be more awareness raised amongst tenants so that they can report any unauthorised practice. Processes should also be reviewed to ensure there are robust mechanisms for sub-letting or lodger requests and to record where these have been authorised or identified. While there have been no such requests, diary notes would be used if they did occur.

Chartered Institute of Housing training was provided recently for staff, which covered some of the issues highlighted in this review, such as joint tenancies. A small element of this training did cover fraud, but staff would benefit from further training in this area if available. Key staff have also received safeguarding training to cover 'cuckooing' or trap-houses (where drug gangs target vulnerable people to set up drug houses).

Other than reviewing housing NFI matches biennially, there is little data sharing amongst departments and with neighbouring councils and other organisations, such as registered social landlords (RSLs), to detect fraud or for monitoring trends. Staff are rightly mindful of General Data Protection Regulations (GDPR), and this should be explored to allow information sharing where it is justified by using data sharing agreements or updating privacy notices, and utilising fraud prevention intelligence via the Fraud Hub, Cifas or the National Anti-Fraud Network.

A more co-ordinated approach within housing is needed to ensure that all key information relating to tenants and occupants are recorded. While separate systems are maintained for gas checks and repairs and maintenance currently, measures should ensure that staff operating in different sections of housing consistently co-ordinate to raise issues and build up a better tenancy profile.

In conclusion, although there were some positive measures in place, because of the significant weaknesses identified, we provide a low assurance rating.

Low assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.
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Action Plan

Audit Review of: **Housing Tenancy**

Date: **November 2019**

Corporate Risk/Issue Severity Key	
0	Critical – Significant issues to be brought to the attention of SLT, CET, Cabinet Lead Members and Corporate Governance Committee
2	Major – Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT and/or CET
1	Moderate – Operational issues that are containable at service level

Risk Issue 1 – Root Cause 1	The quality of the data held in the Open Housing system is not robust. This could cause poor customer service, has implications for GDPR, and could result in staff time being used inefficiently.		
Page 55 Background Detail	<p>We identified weaknesses in the following areas:</p> <ul style="list-style-type: none"> no action has been taken to remove the historic joint tenancies where the Council has been advised one tenant has left the property; tenancy agreements may not reflect who the actual tenant is; the occupancy list for some tenancies may not be up-to-date; date of birth and national insurance number details are not recorded for older tenancies; and the notification and recording of deceased claimants is not robust. <p><i>See Root Cause Analysis (Appendix 1) for further information.</i></p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
1.1	Planned programme of tenancy visits to all council homes to be implemented. This will support the gathering of up to date information on tenancies including NINO and DOB and other historically absent data.	Senior Officer – Neighbourhoods	March 2020
1.2	Reaffirm team requirement to use traffic light system on Open Housing to highlight gaps in data at every customer contact point.	Senior Business Support Officer	March 2020

1.3	Ensure staff have full knowledge of how and when to update Open Housing data including the administration of tenancy changes, recording deceased tenants, appropriate storage of occupancy details and detailing of lodger requests and permissions.	Senior Officer – Neighbourhoods	March 2020
1.4	Investigate staff permissions to support maintaining of up to date occupancy data.	Senior Business Support Officer	March 2020

Risk Issue 2 – Root Cause 2	Controls are not robust within the application process and tenancy management process to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud.		
Background Detail	<p>We identified weaknesses in the following areas:</p> <ul style="list-style-type: none"> copies of ID are not taken when a new tenancy is signed, and while there is the functionality within the system to upload the photograph of the tenant, this is not used; routine visits are not carried out to confirm the property occupancy; there is a lack of a co-ordinated approach within Housing to assist with detecting tenancy issues, unauthorised subletting or tenancy misuse; and there is very little data sharing with departments or other councils that could assist with detecting tenancy issues or fraud. <p><i>See Root Cause Analysis (Appendix 1) for further information.</i></p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline

2.1	Ensure copies of ID retained at initial new tenancy stage for future cross checking.	Senior Officer – Neighbourhoods	March 2020
2.2	Investigate whether use of photos for new tenancies is practical, effective and legally compliant. Consider implications of tenant refusal.	Senior Officer – Neighbourhoods	March 2020
2.3	Develop process to identify key stages where an ID check must be carried out such as during tenancy visits, prior to tenancy change permissions, planned improvement work and disabled adaptations. Include awareness to expect these requests in communications to tenants	Senior Officer – Neighbourhoods	March 2020
2.4	Targeted work to identify high risk properties will be developed. This will include analysing data on “limited contact” properties and changes in rent payment behaviour for example.	Senior Business Support Officer	September 2020
2.5	Improve the processes for administering NFI matches to ensure robust action is taken.	Senior Business Support Officer	September 2020
2.6	Investigate potential to use NFI AppCheck.	Senior Business Support Officer	September 2020
2.7	Investigate customer insight products such as Housing Partners that could support improving the quality of data and fraud detection taking into account other corporate anti-fraud projects and data sharing requirements.	Lead Officer – Community Housing	September 2020
2.8	Consult DTARF the tenant representative group regarding these proposals.	Lead Officer – Community Housing	December 2019

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Risk Issue 3	Clearer documented guidance is needed for both staff and tenants on sub-letting, lodgers and tenancy misuse and fraud. Without this, it could mean that there is a lack of awareness, and any unauthorised practice may not be detected so that appropriate measures can be put in place.
Background Detail	Tenants are provided with an agreement that explains the conditions of their tenancy. It details that lodgers are allowed as long as this did not cause the property to be overcrowded, and Housing is kept informed of the part of the property that is occupied. Tenants are

	<p>also allowed to sublet part of their property if prior written permission is obtained. However, this guidance does not explain the difference between sub-letting and lodgers, and there is no application form to record this request. There needs to be more awareness to encourage tenants to raise where they suspect such unauthorised practice is being carried out (the website was being redesigned during our review).</p> <p>Controls are also not robust for staff in that there is no documented guidance for them on sub-letting and lodgers or for tenancy misuse. There is not a robust mechanism for recording lodgers and sub-letting or tenancy misuse, e.g. diary notes would be used instead. However, there have not been any requests to have a lodger or for someone to sub-let.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
3.1	Develop and implement procedures for staff on processing requests for lodgers.	Senior Officer Neighbourhoods	March 2020
3.2	Develop and implement procedures for staff for dealing with suspected tenancy fraud reports including investigation and legal processes. This will include how and when to share data with other council departments to detect potential fraud.	Senior Officer Neighbourhoods	March 2020
3.3	Raise awareness with tenants through social media and newsletters of what is tenancy fraud, its impact and how to report suspected cases and differentiation with lodging.	Customer Engagement & Marketing Manager	March 2020

Appendix 1 - Root Cause Analysis

Root Cause 1 – The quality of the data held in the Open Housing system is not robust. This could cause poor customer service, has implications for GDPR, and could result in staff time being used inefficiently.

Underlying weakness – no action has been taken to remove the historic joint tenancies where the Council has been advised one tenant has left the property.

We reviewed a sample of 14 NFI matches and planned to visit council tenants to carry out validity checks and confirm there were no unauthorised sub-letting or lodgers. However, due to data quality issues as detailed within this Root Cause Analysis, the visits would not have been beneficial.

Six of the matches were in relation to a joint tenancy issue, where one of the tenants had left the property leaving the remaining tenant. Historically, there would have been no changes to the tenancy recorded on the system unless a property adjustment order (a court order for divorce or separation where this affects the right of ownership of property) was provided, which would result in a considerable cost to the tenants. Since then, legal advice has been obtained to make the process more efficient with only one tenant now needing to give the consent to end the tenancy although all parties would still be contacted. However, nothing has been done about the historic joint tenants that remain on the system.

This has implications for the NFI exercise, as the same matches will repeatedly appear in each exercise so not only the person responsible in housing will be seeing the same matches, but as housing data is matched against other datasets, such as benefits and council tax, this will mean that other staff are inefficiently reviewing inaccurate data. It also has implications under GDPR in that we are holding personal data unnecessarily despite a tenant advising that the other tenant has moved out.

Underlying weakness – tenancy agreements may not reflect who the actual tenant is.

For one of our sample, a sole tenant had left a council property in 2002 without notifying the Housing department and his ex-wife continued to live there. She made a sole claim for housing benefit in 2002 and housing would have been advised that the sole tenant had moved out. When the property was refurbished in 2006, a wet room was added and the bathroom adapted to suit the needs of the ex-wife but there were no checks of the tenancy agreement prior to undertaking this work to highlight that she was not the tenant. The fact that the ex-husband was recorded as the sole tenant was identified through a NFI match and resolved in 2018.

We are concerned about the robustness of checks of tenancy agreements and that similar issues may occur on other tenancies, e.g. that other tenants might not have a valid tenancy agreement. The above also highlights the importance of carrying out robust checks of tenancies before any adaptations, or repairs and maintenance are carried out.

Underlying weakness – the occupancy list for some tenancies may not be up-to-date.

Our testing found that the occupancy list of a property had not been updated to reflect the names and date of birth of the children that had moved in with their mother. Instead, this was recorded in the diary notes held. In another case, a husband and two children were listed on the occupancy list – a diary note referred to the wife not paying the rent, yet she was not recorded on the occupancy list. We were advised that the updating of the occupancy list is restricted to certain staff in Housing, and there would also be some historic tenancies where the occupants are not recorded (as this was not required at the time).

Currently, there are no checks of the occupancy of the property to determine if it is under occupied. This is due to there being concerns over the quality of data held.

Underlying weakness – date of birth and national insurance number details are not recorded for older tenancies.

The date of birth or national insurance numbers were not recorded in four of the 14 NFI matches reviewed. These were historic tenancies (starting before 2002) and staff have confirmed that these details are routinely recorded for all newer tenancies. Improvements with the data quality of tenancies will assist in improving the data quality and reduce the number of NFI matches.

Underlying weakness – the notification and recording of deceased claimants is not robust.

We identified for one NFI match in our sample that one of the joint tenants had passed away in 2007. However, the Open Housing system has not been updated to reflect this. There are system diary notes in 2018 that record the death but Housing were awaiting a death certificate before the system could be updated further. Staff advised that communication would have been sent out in a joint name since 2007. Housing are part of the Tell us Once system (although this was only launched in 2012) which is reliant on the person registering the death to opt into it.

We are concerned that there may be other deceased tenants which have not been recorded as such on the system. There is a NFI match between housing tenants and DWP deceased data, and our sample testing identified that all tenancy agreements had been terminated rather than recording the date of death. The Senior ICT Business Systems Officer (responsible for the Open Housing system) advised that there is the functionality to record the date of death, but there is a fault that causes the system to crash when this is recorded. Housing staff were advised not to utilise the function until the problem had been addressed and to terminate the tenancy instead. Now the system has been upgraded, the functionality has been retested and appears to be working. ICT will liaise with housing staff about switching the functionality back on in the live system to record the date of death.

Root Cause 2 – Controls are not robust within the application and tenancy management processes to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud.

Underlying weakness – copies of ID are not taken when a new tenancy is signed, and while there is the functionality within the system to upload the photograph of the tenant, this is not used.

When an applicant has accepted a property offer, they will be visited to complete a pre-tenancy assessment form. The housing officer will request to see identification and assess their financial circumstances, but copies of identification documentation are not taken. While the Open Housing system has the functionality to retain photographs of the tenants, this is not currently utilised either. Improvements in this area will confirm that the actual person residing at the property is the same person that signed the tenancy agreement, although advice on the storage of such information will have to be taken to ensure GDPR is complied with.

Underlying weakness – routine visits are not carried out to confirm the property occupancy.

Housing staff will only carry out a visit within a year of a new tenancy starting to confirm that arrangements are working well, or where there is a known issue, e.g. rent not being paid. Currently, no further checks are carried out to identify if there is any unauthorised subletting or lodgers, or tenancy misuse. Tenancy audits were planned to be introduced in May 2019, but due to the staffing restructure, the implementation was delayed. At the conclusion of our review, it is hoped that the audits will start in September 2019 and every property will be visited at least once every two years.

Underlying weakness – there is a lack of a co-ordinated approach within Housing to assist with detecting tenancy issues, unauthorised subletting or tenancy misuse.

Repairs and maintenance and gas checks are currently recorded on different systems to the Open Housing System. There is no monitoring of the properties where repairs have not been reported or there has been no contact with the tenant for a significant period of time. Staff do discuss some tenancies but there needs to be a more joined up approach to assist with building up a tenant's profile.

Similarly, the monitoring of rent payments could be more robust as there are no checks of changes to payment frequency, cash payments, and where the name of the rent payer differs to that of the tenant. There may be legitimate reasons for the above, but having more information of the tenant's profile could provide an indicator to assist with the detection of any fraud or misuse. Documented procedures need to be strengthened to ensure there is a consistent process in visiting a property where there are rent issues.

Underlying weakness – there is very little data sharing with departments or other councils that could assist with detecting tenancy issues or fraud.

Housing form part of the NFI exercise to assist with detecting errors and detect fraud, and they have recently started to use NFI's AppCheck as this provides matches based on real time information. While tenancy cases may be discussed as part of the SARTH partnership, there is little data sharing between

councils, departments and other organisations (such as RSLs) to highlight issues or to assist with the prevention and detection of tenancy fraud.

The Lead Officer (Community Housing) explained that they had explored with some organisations about carrying out credit checks and improving data quality, but tenants would have to opt into the process and if there was a lack of interest, the cost would not be viable.

Appendix 2 – Risk Matrix and Assurance Ratings

Likelihood		>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		
					Service Performance	Minor errors or disruption	Some disruption to activities/ customers	Disruption to core activities/ customers	Significant disruption to core activities. Key targets missed	Unable to delivery core activities. Strategic aims compromised	
						Reputation	Trust recoverable with little effort or cost	Trust recoverable at modest cost with resource allocation within budgets	Trust recovery demands cost authorisation beyond existing budgets	Trust recoverable at considerable cost and management attention	Trust severely damaged and full recovery questionable and costly
							Financial Cost (£)	<£50k	£50k – £250k	£250k – £1m	£1 m – £5 m
					Impact						

Levels of Assurance	Definition	Management Intervention
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	High Assurance	Risks and controls well managed and objectives being achieved.	Minimal action required, easily addressed by line management.
	Medium Assurance	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives.	Management action required and containable at service level. Senior management and SLT may need to be kept informed.
	Low Assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.	Management action required with intervention by SLT and / or CET.
	No Assurance	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives.	Significant action required in a number of areas. Require immediate attention from SLT or CET.

Report Recipients

- Lead Officer (Community Housing)
- Senior Business Support Officer
- Neighbourhood Housing Team Leader
- Senior Officer Neighbourhoods
- Head of Facilities, Assets and Housing
- Head of Communities & Customers
- Senior ICT Business Systems Officer (Open Housing system)
- Corporate Director: Communities
- Chief Executive
- S151 Officer
- Lead Officer (Destination, Marketing and Communication)
- Strategic Planning & Performance Officer
- Scrutiny Co-ordinator
- Chair – Performance Scrutiny Committee
- Lead Member for Housing & Communities
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance Committee

Internal Audit Team

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Irene Griffiths	Auditor	01824 706974 irene.griffiths@denbighshire.gov.uk

Key Dates

Review commenced	March 2019
Review completed	August 2019
Reported to Corporate Governance Committee	20 November 2019

Report to	Corporate Governance Committee
Date of meeting	22 January 2020
Lead Member / Officer	Lisa Lovegrove – Chief Internal Auditor
Report author	Lisa Lovegrove – Chief Internal Auditor
Title	Internal Audit of Payment Card Industry Data Security Standards (PCI-DSS)

1. What is the report about?

This report provides details of a recent Internal Audit report of Payment Card Industry Data Security Standards (PCI-DSS) that received a 'Low' assurance rating.

2. What is the reason for making this report?

Corporate Governance Committee has agreed that it will receive and discuss all Internal Audit report receiving a 'Low' assurance rating so that they can discuss the outcome and receive assurance that improvements will be made.

3. What are the Recommendations?

That the Committee comments on the report and decides whether it requires any further update reports on progress with the improvement action plan.

4. Report details

We carried out this review of PCI-DSS to check compliance with the information security standard for handling credit or debit card payments. While compliance is not a legal requirement, card merchants and software suppliers often ask for compliance as part of their contractual agreements.

The review focused on: roles and responsibilities, policy and procedures, training, payment card environment, processing card payment data, third party processor compliance and compliance testing and self-assessment.

Our review highlighted issues relating to the lack of a programme or strategy to ensure compliance with the PCI-DSS. Training is inconsistent across services and awareness of proper practices is weak in some areas due in part to the absence of corporate policy or procedures to direct consistency.

The council has various agreements with card providers making the card payment environment more complex than it needs to be and therefore difficult to manage and demonstrate value for money. Also, PCI-DSS compliance was not considered as part of some historic procurement and contractual agreements with suppliers that take card payments on behalf of the council. As a results, some contracts do not state that compliance with the standards is required. We are aware that this is now included as part of the procurement process.

While there are areas of good practice and no instances of security breaches involving card payments had been identified; we give a low assurance rating due to the nature of the issues and controls weaknesses. Cooperation across all services is required to drive the necessary improvement and so the results of this review has been reported to the Information Governance Group and to the Senior Leadership Team to obtain their backing.

Further information is available in the Internal Audit report – see 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 Well-being Impact Assessment?

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.

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Payment Card Industry – Data Security Standards

**November
2019**



**Low
Assurance**



Background

The Payment Card Industry Data Security Standards (PCI DSS) is an information security standard for organisations that handle credit card payments. The standard was created to increase controls to protect cardholder data and to reduce credit card fraud. Any cardholder data breach would be seen as a failure to protect personal data and potentially attract monetary penalties under General Data Protection Regulations (GDPR) and could even mean barring from accepting card payments in future.

Compliance with this standard is not a legal requirement; however, card merchants and software suppliers may ask for compliance as part of their contract or agreement. The standard requires testing of IT connections and certification that staff have had training with regard to card usage, storing and disposal of card information.

Purpose & Scope of Review

We carried out a review of compliance with PCI DSS requirements and to provide assurance for the Section 151 Officer, Senior Management and inform the Annual Internal Audit Report and Annual Governance Statement.

The review focused on the following areas:

- Roles and responsibilities;
- Policy and procedures;
- Training and awareness
- Payment Card Environment;
- Processing card payment data;
- Third party processors' compliance; and
- Compliance testing and self-assessment.

Audit Opinion

Overall, our testing confirms that not all services taking card payments on behalf of the council can demonstrate that they fulfil the requirements of the standards.

Finance and ICT are aware that there are weaknesses and standards are not being met across all areas. Cross-service involvement is required to achieve compliance, but overall responsibility to develop a strategy or programme has not been assigned to ensure that suitable arrangements are in place corporately i.e. coordinating a self-assessment, accreditation, training, ICT security (Risk issue 1).

The Information Security Policy covers Chip and Pin and the council's response should there be a data security breach involving card data. However, it does not reference the need to comply with the PCI DSS or guidance as to how this would be achieved. (Risk Issue 3)

There is a lack of consistency regarding training to ensure that staff are suitably aware of how to handle card payments securely, with several departments adopting a 'common sense' or informal approach. The departments with the largest volume of staff taking card payments have records to evidence the training that has been given (for instance, Leisure services and Customer services). (Risk issue 2).

Several services are able to take card payments in person, on the phone or online. The standards require that lines carrying card data are tested quarterly, including those that go through our firewalls, to verify that they are secure. These lines are a means of transferring the information and, for very short periods of time, when portals are open they could be vulnerable to a cyber-attack. The majority of card payment traffic is through the council's internet and firewalls, but some use:

- A direct phone line dial-up connection that is outside the council's firewalls.
- A SIM card to transfer data.

Currently, only payments administered by Capita (which includes payments taken by the cash office, contact centre and some other services areas) and the provider for Café R (Payment Sense) are compliant with this requirement.

There are several agreements with one card service provider (Worldpay), which has resulted in different levels of charges. This includes small penalty charges as two card payment terminals are not compliant (both terminals need upgrading to avoid future penalties). The Business and Risk Manager has tried to bring all the agreements under one charging structure to aid administration and obtain value for money, but, so far, he has been unable to gain the agreement of the provider. (See Risk Issue 4)

The council has agreements with several other card service providers due to:

- Software systems compatibility;
- Services involve ICT and procurement too late to explore the possibility of using an existing provider, and
- Urgency to finalise an agreement so as not to cause delay to a project completion date (Links to Risk Issue 5)

These providers are not currently charging penalties for non-compliance.

Corporately, there is little oversight of the multiple agreements in place making the card environment more complex than it needs to be. This raises the risk of security vulnerabilities going undetected (Risk issue 4)

The council should also be ensuring that its external service providers are compliant with these standards, but there was no evidence that this was requested when agreements were being formed.

The council has signed a declaration with one supplier where the council confirmed that it is compliant with the standards. Also, a pay by phone contract with one supplier is currently being extended. To use the supplier's pay by phone function, the card details must be pre-registered, but the contract with makes no mention of:

- Length of time such data is retained;
- Supplier's compliance with PCI DSS; nor
- Secure disposal of any card data once the contract is ended.

We raise a risk issue to ensure that procurement and contracts consider PCI-DSS requirements and that suitable checks are carried out to verify that card payment data processed on the council's behalf is managed in accordance with the standards (Risk Issue 5).

While there are areas of good practice, we give a low assurance rating due to the nature of the issues and control weaknesses identified. Co-operation across all services is required to drive this forward to ensure that the council meets the required standards.

Low assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.
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Action Plan

Audit Review of: PCI DSS

Date: November 2019

Corporate Risk/Issue Severity Key	
0	Critical - Significant issues to be brought to the attention of SLT, CET, Cabinet Lead Members and Corporate Governance Committee
2	Major - Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT and/or CET
3	Moderate - Operational issues that are containable at service level

Risk Issue 1	The council does not have a programme or strategy in place to ensure corporate compliance with PCI-DSS. This poses the risk of financial and/or reputation loss and potential withdrawal from payment card acceptance programmes.		
Background Detail	<p>There is no formal plan or programme which is regularly reviewed/updated to ensure compliance with PCI-DSS. This is compounded by the fact that responsibility for taking this forward corporately has not been assigned to ensure that all services that take card payments are compliant.</p> <p>Once responsibility is assigned, the programme should comprise of:</p> <ul style="list-style-type: none"> • An annual PCI-DSS attestation of compliance along with completion of a self-assessment questionnaire; • Production of a map of the card environment to show the type of transactions and where they are taken; • Quarterly network scans by an approved scanning vendor in accordance with PCI-DSS. 		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
1.1	Report to SLT to ensure corporate buy-in.	Chief Accountant / Chief Internal Auditor	31/12/2019
1.2	<p>A cross disciplinary Task and Finish Group/Project team will be set up to implement the changes required. The Key services that need to be included in the T&FG include:</p> <ul style="list-style-type: none"> • Finance • ICT • Information Management • Customer Services 	Business and Risk Manager	31/12/2019

	<ul style="list-style-type: none"> • Procurement Service • Service / User Group Representation. 		
1.3	The T&FG will devise a programme which will take account of the issues raised. It is vital that SLT have input into and buy-into the programme as it will impact a number of services. This T&FG will feed into the Information Governance Group to update and monitor progress and escalate any issues.	Task and finish group/ Head of Business Improvement and Modernisation/ Business and Risk Manager	31/10/2020
Risk Issue 2	Training provision and record keeping of training is inconsistent and weak in some areas. There is a risk that staff are unaware of requirements to protect cardholders' data resulting in weak security of sensitive personal information.		
Background Detail	<p>There is a requirement with PCI DSS for all staff who take card payments, whether in person or over the phone, to receive training. This training should cover all aspects of card data security including, but not limited to:</p> <ul style="list-style-type: none"> • recording of card numbers, • writing down numbers, • Repeating card numbers back to the customer. <p>The training should be completed promptly when a new member of staff starts and a record kept of when it was completed.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
2.1	The Task and Finish Group to develop and agree training for all relevant staff.	Task and Finish Group	31/03/2020

Risk Issue 3	Lack of policy or procedure to direct staff towards PCI DSS compliance.		
Background Detail	<p>Compliance with the PCI DSS is not a legal requirement though card providers (e.g. Visa, Mastercard) mandate compliance as part of their agreement. The current Information Security policy does have a section that covers the use of Chip and Pin and what our procedures should be in the event of a card data breach. However, it makes no mention of compliance with the standards or guidance as to what is required to achieve compliance.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
3.1	Set up a separate policy or procedures to cover the council's approach to compliance with the PCI-DSS to incorporate procedure to take in the event of a card data breach.	Task and Finish Group	31/03/2020

	This will link to other relevant policies such as the Information Security Policy and Data Protection Policy		
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Risk Issue 4	The council's various agreements with card providers may not offer value for money and make it difficult to administer as the card payment environment is more complex than it needs to be. Not only has this resulted in different fees and charges, there is an increased risk of vulnerabilities and non-compliance going undetected.		
Background Detail	<p>The council's main card provider 'Worldpay' charges are likely to rise over the coming years as more people opt to pay by card as the majority of these charges are made up of a 'per transaction fee' (the rate varies across the different agreements).</p> <p>When new payment systems are taken up, the software supplier invariably has their favoured card merchants which the council then signs up with rather than Worldpay. Other card merchant service providers should be explored to ensure that we are obtaining the best value for money, and ICT involved at an early stage to ensure compatibility.</p> <p>The possibility of obtaining a lower price across the board with one payment provider has been explored but have proved unsuccessful to date. Further small individual contracts would bring the total spent to a level requiring competitive tendering/exception report being completed to comply with contract procedure rules.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
4.1	Cost comparisons with card service providers to be explored. This will need to take into account the full costs, including per transaction costs. A report to be taken to SLT to give assurance that value for money is being achieved. Contracts/arrangements for card payments will be consolidated where possible.	Task and Finish Group	31/10/2020

Risk Issue 5	PCI-DSS compliance is not always considered as part of procurement or contractual agreements with suppliers that take card payments on behalf of the council.		
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Background Detail	<p>The council does not request evidence that external service providers are compliant with PCI-DSS in order for them to receive money on its behalf.</p> <p>Some companies ask for the council to be compliant with PCI DSS as part of the contract; where the council is agreeing that it is compliant.</p> <p>One contract is nearing its end, with the option for monthly roll-on, has a requirement for cards to be preregistered with them before fees can be paid by card over the phone. The contract makes no reference to company being PCI DSS compliant, how long card data is retained for, or what they can use this data for. When the contract is finally terminated, clarification will be required as to how they will securely dispose of any card data relating to this contract.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
5.1	The Task and Finish Group will explore possible measures and update the procurement process (if deemed necessary) to ensure that PCI DSS is always considered when procuring card payment suppliers/services.	Task and Finish Group/procurement	31/03/2020
5.2	Include PCI-DSS as a requirements within Denbighshire Leisure's (ADM) contract T&Cs.	Legal Services Manager	31/03/2020

Appendix 1 – Risk Matrix and Assurance Ratings

Likelihood		>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	
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					Financial Cost (£)	< £50k	£50k – £250k	£250k – £1m	£1 m – £5 m	> £5m
					Impact					

Levels of Assurance	Definition	Management Intervention
High Assurance	Risks and controls well managed and objectives being achieved.	Minimal action required, easily addressed by line management.
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No Assurance	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives.	Significant action required in a number of areas. Require immediate attention from SLT or CET.

Report Recipients

- Chief Executive
- Head of Business Improvement and Modernisation
- Head of Legal, HR & Democratic Services
- Chief Accountant/ S151 Officer
- Chief Digital Officer
- Business and Risk Manager
- Business Continuity and ICT Security Officer
- Business Information Team Manager
- Legal and Procurement Operations Manager
- Team Leader – Communications & Campaign Management
- Strategic planning and Performance Officer
- Scrutiny Co-ordinator
- Corporate Director – Economic and Community Ambition
- Chair – Performance Scrutiny Committee
- Lead Member for Corporate Services and Strategic Direction
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance Committee

Internal Audit Team

Irene Griffiths	Auditor	01824706974 irene.griffiths@denbighshire.gov.uk
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Key Dates

Review commenced	July 2019
Review completed	August 2019
Reported to Corporate Governance Committee	20 November 2019
Proposed date for 1st follow up review	April 2020

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Report to	Corporate Governance Committee
Date of meeting	22 January 2020
Lead Member / Officer	Julian Thompson Hill
Report author	Steve Gadd, Head of Finance & Property
Title	1. Treasury Management Strategy Statement (TMSS) 2020/21 and Prudential Indicators 2020/21 to 2022/23 (Appendix 1) 2. Treasury Management (TM) Update Report 2019/20 (Appendix 2)

1 What is the report about?

- 1.1 The TMSS (Appendix 1) shows how the Council will manage its investments and its borrowing for the coming year and sets the policies within which the TM function operates. The TM Update Report (Appendix 2) provides details of the Council's TM activities during 2019/20.

2 What is the reason for making this report?

- 2.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") requires the Council to approve the TMSS and Prudential Indicators annually. The Corporate Governance Committee is required to review this report before it is approved by Council on 25 February 2020. Furthermore, part of the Committee's role is to receive an update on the TM activities twice a year.

3 What are the Recommendations?

- 3.1 That the Committee reviews the TMSS for 2020/21 and the Prudential Indicators for

2020/21, 2021/22 and 2022/23 (Appendix 1).

- 3.2 That members note the TM update report (Appendix 2).
- 3.3 That the Committee confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 3) as part of its consideration.

4 Report details

Background

- 4.1 TM involves looking after the Council's cash which is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 4.2 At any one time, the Council has up to £20m in cash so it needs to make sure that the best rate of return possible is achieved without putting the cash at risk which is why money is invested with a number of financial institutions.

When investing, the Council's priorities are to:

- keep money safe (security);
- make sure that the money comes back when it is needed (liquidity);
- make sure a decent rate of return is achieved (yield).

TMSS 2020/21

- 4.3 The TMSS for 2020/21 is set out in Appendix 1. This report includes TM Prudential Indicators which set limits on the Council's TM activity as shown in Appendix 1 Annex A.

Capital Prudential Indicators

- 4.4 The Capital related Prudential Indicators are included in the Capital Strategy Report which gives a high level, concise and comprehensible overview to all elected members of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services.
- 4.5 The Capital Strategy Report will be reported to Council in February alongside the Capital Plan and will include the following Capital related Prudential Indicators:

Estimates of Capital Expenditure and Financing

Ratio of Financing Costs to Net Revenue Stream

Capital Financing Requirement

Authorised Limit and Operational Boundary for External Debt

5 How does the decision contribute to the Corporate Priorities?

- 5.1 An efficient TM strategy allows the Council to minimise its borrowing costs and release funding for its investment priorities.

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

- 6.1 There are no additional cost implications arising as a result of the setting of Prudential Indicators. The point of the TM Strategy is to obtain the best return within a properly managed risk framework.

7 What are the main conclusions of the Wellbeing Impact Assessment?

- 7.1 Financial planning and decision making should ensure that proper regard is given to the requirements of the Wellbeing of Future Generations Act and in particular, proper consideration of the long term impact of financial decisions, including the payback period and whole life costs of capital investment decisions, properly impact assessed budget proposals and long term debt and investment (treasury management) strategies. The principles of prudence, affordability and sustainability are already enshrined within the requirements of the Prudential Code and should underpin financial planning and decision making.
- 7.2 In the context of treasury management, the existing requirements to assess and report on the long term financial consequences of investment and borrowing decisions using prudential indicators and long-term debt planning support the sustainability goals of the Wellbeing Act.

- 7.3 The Wellbeing Impact Assessment report is included in Appendix 3 which shows how an efficient Treasury Management strategy promotes the wellbeing goals of the Act.

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

- 8.1 The Council has consulted with its TM consultants, Arlingclose Ltd.

9 Chief Finance Officer Statement

- 9.1 TM involves looking after significant sums of cash so it is a vital part of the Council's work. It requires a sound strategy and appropriate controls to safeguard the Council's money, to ensure that reasonable returns on investments are achieved and that debt is effectively and prudently managed.

- 9.2 It is a requirement of the CIPFA Code of Practice on TM for Council to approve a TMSS each financial year.

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

- 10.1 There are inherent risks involved in any TM activity as outlined in the Strategy Statement. The Council has a risk management policy but it is impossible to eliminate these risks completely.

11 Power to make the Decision

- 11.1 The Local Government Act 2003 determines the requirement for local authorities to set Prudential Indicators and requires the Council to comply with the Prudential Code of Capital Finance for Local Authorities that has been produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Denbighshire County Council

**Treasury Management Strategy Statement
and Investment Strategy 2020/21 to 2022/23**

Contents

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- 4. Borrowing Strategy**
- 5. Debt Rescheduling**
- 6. MRP Statement 2020/21**
- 7. Reporting Treasury Management Activity**
- 8. Other Items**

Annexes

- A. Prudential Indicators**
- B. Interest Rate Outlook**
- C. Glossary**

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

1 Background

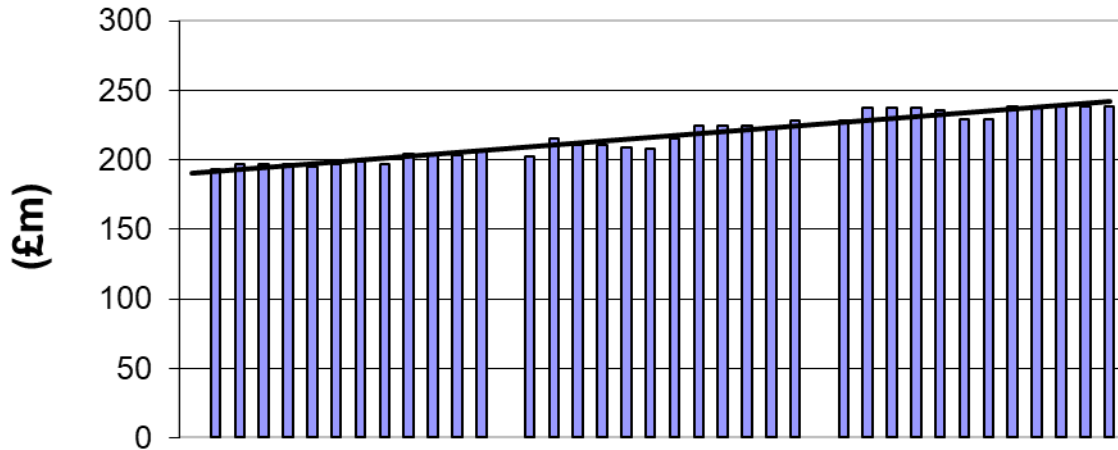
- 1.1 The Council is responsible for its Treasury Management decisions and activity which involves looking after the Council's cash. This is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 1.2 The CIPFA Code of Practice on Treasury Management requires the Authority to approve a treasury management strategy statement (TMSS) before the start of each financial year.
- 1.3 In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. It also requires the Authority to include details of investments and loans which are not held for Treasury Management purposes. Following a review, the Authority has concluded that it doesn't have any non-Treasury related arrangements which fall within the scope of this guidance.
- 1.4 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.5 The purpose of the TMSS is to set the:
 - Treasury Management Strategy for 2020/21
 - Annual Investment Strategy for 2020/21
 - Prudential Indicators for 2020/21, 2021/22 and 2022/23 (Annex A)
 - Minimum Revenue Provision (MRP) Statement

2 Treasury Position

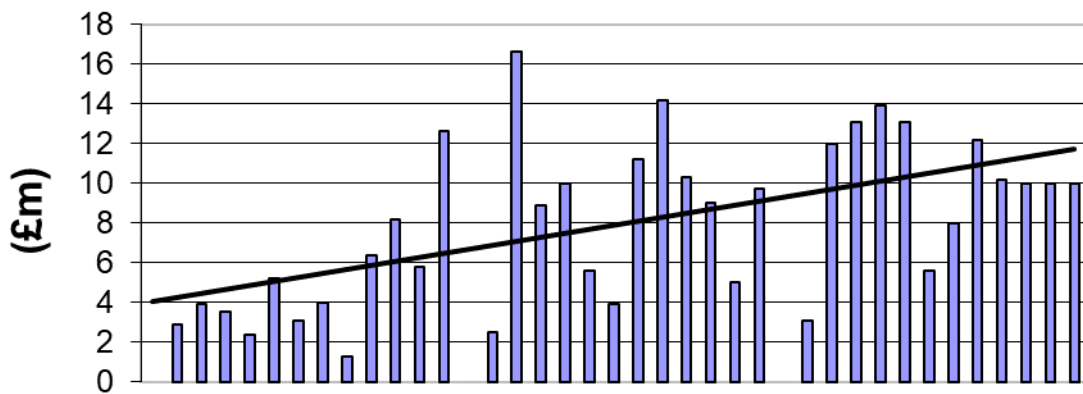
- 2.1 The levels of the Council's borrowing and investment balances over the last three years are shown in the graphs below. The first chart shows the Council's borrowing has increased over this period because the Council has been borrowing to fund its capital plan either from the Public Works Loan Board (PWLB) or on a temporary basis from other local authorities. The second chart shows a corresponding increase in the amount of money which is available for investment.

**Treasury Management Strategy Statement
and Investment Strategy 2020/21 to 2022/23**

Borrowing Balances (2017/18 - 2019/20)



Investment Balances (£m) (2017/18 - 2019/20)



3 Treasury Investment Strategy

3.1 Both the CIPFA Code and the WG Guidance require the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

- 3.2 Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will continue to hold a minimal amount of investments for short-term cash flow purposes and will continue to place a far greater emphasis on investing with the UK Government's Debt Management Office and other local authorities in order to minimise these risks.
- 3.3 The Authority may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 1: Approved Investment Counterparties and Limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£10m 20 years	£8m 50 years	£5m 20 years	£5m 20 years
AA+	£5m 5 years	£10m 10 years	£8m 25 years	£5m 10 years	£5m 10 years
AA	£5m 4 years	£10m 5 years	£8m 15 years	£5m 5 years	£5m 10 years
AA-	£5m 3 years	£10m 4 years	£8m 10 years	£5m 4 years	£5m 10 years
A+	£5m 2 years	£10m 3 years	£8m 5 years	£5m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£8m 5 years	£5m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months	£8m 5 years	£5m 13 months	£5m 5 years
BBB+	£5m 100 days	£10m 6 months	£8m 2 years	£5m 6 months	£5m 2 years
None	£1m 6 months	n/a	£8m 25 years	£5m 5 years	£5m 5 years
Pooled funds and real estate investment trusts		£8m per fund			

Credit Rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks Secured: Covered bonds, reverse repurchase agreements (REPOs) and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled Funds: Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

- 3.4 Natwest is the Council's banker and will continue to be used for operational and liquidity purposes by transferring cash in and out of the instant access account as required even if its credit rating falls below those shown in the table above.
- 3.5 For a group of banks under the same ownership, the banking group limit is equal to the individual bank limit.
- 3.6 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 3.7 The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices (the cost of banks insuring themselves against default), financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 3.8 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Treasury Management Strategy Statement
and Investment Strategy 2020/21 to 2022/23**

3.9 **Specified Investments:** The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

3.10 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement and investments with bodies and schemes not meeting the definition of high credit quality. Under this category, the Council has given three loans to Town Councils for capital purposes which are being paid back in instalments over the agreed terms.

Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£10m
Total investments without credit ratings or rated below A- (except the UK government and UK local authorities)	£10m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£10m
Total non-specified investments	£30m

4 Borrowing Strategy

4.1 In line with its TM strategy and following advice from its treasury consultants, the Council has locked in a proportion of its debt at very low rates with the Public Works Loan Board (PWLB) to fund the capital programme. A new loan for £10m was undertaken in May 2019 over a 15

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

year period on an Equal Instalment of Principal (EIP) basis at a rate of 1.73%.

- 4.2 The Council has previously raised all of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a less attractive option. The Council will also now consider borrowing any long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.
- 4.3 The Council has also continued to undertake temporary borrowing from other local authorities as required to cover short-term cash flow requirements as this is a good source of readily available cash at historically low rates.
- 4.4 At the same time, the Council will also continue to monitor its cash position and interest rate levels to ensure that further long term borrowing is undertaken at the optimal time to fund on-going Capital commitments.
- 4.5 The approved sources of borrowing are listed below:
- PWLB and any successor body
 - any institution approved for investments
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Clwyd Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

5 Debt Rescheduling

- 5.1 The Council is able to pay off loans earlier than it has to and to replace them with cheaper loans in order to save money or to reduce the risk to the Council. Sometimes, these loans will be replaced and sometimes not, depending on market conditions and interest rates.
- 5.2 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt rescheduling although occasional opportunities arise. A weekly update on this is received from the Council's treasury management advisers so the position is kept under review.

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

6 Minimum Revenue Provision (MRP) Statement

- 6.1 The Council's MRP policy was reviewed during 2017/18 to explore potential savings options and the changes have been implemented from 2017/18. The revised MRP policy was agreed by Council on 17 October 2017.
- 6.2 The Council sets aside money each year to repay debt and this is known as the Minimum Revenue Provision (MRP).
- 6.3 There are four different methods of calculating MRP and the Council needs to say each year which methods it will use. This is known as the MRP Statement.
- 6.4 The MRP Statement is submitted to Council before the start of each financial year. If the terms of the original MRP Statement are revised again during the year, a revised statement will be put to Council at that time.

6.5 MRP Statement

The Council will apply the Asset Life Method to calculate MRP on outstanding supported borrowing incurred up to 31 March 2017 using a straight line calculation over 50 years. This represents a change from the Regulatory Method which had been applied previously.

The Council will apply the Asset Life Method to calculate MRP on supported borrowing incurred on or after 1 April 2017 using a straight line calculation over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits. This also represents a change from the Regulatory Method which had been applied previously.

The Council will apply the Asset Life Method to calculate MRP on all capital expenditure funded from unsupported borrowing. This represents a continuation of the previous policy.

- 6.6 Adopting International Financial Reporting Standards (IFRS) has resulted in leases coming on the balance sheet. This affects how much it appears the Council has borrowed but this is effectively covered by grant payments. MRP in respect of leases brought on the balance sheet under IFRS will match the annual principal repayment for the associated deferred liability. This is a technical accounting adjustment which is cost neutral for the Council.
- 6.7 MRP on housing assets funded through Prudential Borrowing is charged at 5% of the HRA's CFR. MRP on all other items such as new builds are charged at 2% of the HRA's CFR.

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

7 Reporting Treasury Management Activity

7.1 The Section 151 Officer (Chief Finance Officer) will report to the Corporate Governance Committee on treasury management activity / performance as follows:

- (a) The Treasury Management Strategy Statement and Prudential Indicators will be submitted to the committee in January each year prior to approval by Council.
- (b) Two treasury management updates will be submitted to the committee in January and July each year.
- (c) An annual report on treasury activity will be submitted to the committee in July each year for the preceding year prior to approval by Cabinet.

A treasury update showing the latest investment and borrowing position will be included in the monthly Revenue Monitoring report and borrowing will also be reported on in the Capital Plan to Council. The Capital Strategy Report will also be reported to Council in February with the Capital Plan.

8 Other items

8.1 Investment Training

8.1.1 Member Training

The CIPFA Code of Practice on Treasury Management requires the Section 151 Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, understand fully their roles and responsibilities.

The Council has nominated the Corporate Governance Committee as the committee which has responsibility for scrutiny of the treasury management function.

8.1.2 Staff Training

Staff attend training courses, seminars and conferences provided by Arlingclose and CIPFA. There is a team of three members of staff who cover TM duties on a rota basis to ensure that their knowledge is kept up to date. These members of staff are also members of professional accountancy bodies including the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Accounting Technicians (AAT).

8.2 Treasury Management Advisers

The Council uses Arlingclose Ltd as Treasury Management Advisers and receives the following services:

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

- Credit advice
- Investment advice
- Borrowing advice
- Technical accounting advice
- Economic & interest rate forecasts
- Workshops and training events

The Council maintains the quality of the service with its advisers by holding quarterly strategy meetings and tendering every 5 years. Following a tendering exercise at the end of 2018, the contract was renewed with Arlingclose from 01 January 2019 for three years with an option to extend for a further two year period.

8.3 Markets in Financial Instruments Directive (MIFID)

8.3.1 The way that local authorities can access financial services changed in January 2018 as a result of the second Markets in Financial Instruments Directive (MIFID) from the EU. Under the new regulations, local authorities can only continue to be classed as professional clients if they have at least a £10m investment balance and staff with relevant experience. Local authorities not meeting the criteria are reclassified as retail clients. Retail clients have greater protection when placing investments because there is a requirement for firms to ensure that investments are suitable for the client. Professional clients are assumed to have greater knowledge and therefore need less protection.

8.3.2 The Council is not in a position to be classed as a professional client because it does not have an investment balance which is consistently above £10m so it is classified as a retail client. In practice, this does not have an impact on the Council's treasury management activities which consist of cash deposits or loans which are outside the scope of MIFID. The Council's investment advisers, Arlingclose, will continue to advise retail clients as they have a retail adviser who is able to advise on any investment products which come under the scope of MIFID such as shares and bonds.

8.4 Investment of Money Borrowed in Advance of Need

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit. The maximum period between borrowing and expenditure is expected to be three years, although the Authority is not required to link particular loans with particular items of expenditure.

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

8.5 Policy on Use of Financial Derivatives

In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

8.6 Housing Revenue Account (HRA)

The Council operates one loans pool for the General Fund and the HRA. A proportion of the Council's investment and debt interest is apportioned to the HRA at year end. The amount of HRA investment interest is calculated by applying the Council's average investment interest rate to the HRA's average notional cash balance. The amount of HRA debt interest is calculated by applying the Council's average debt interest rate to the mid-year HRA Capital Financing Requirement (CFR).

**Treasury Management Strategy Statement
and Investment Strategy 2020/21 to 2022/23**

ANNEX A

PRUDENTIAL INDICATORS 2020/21 TO 2022/23

1 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- 1.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on a net interest paid basis (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments).
- 1.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	2019/20 Approved %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100
Upper Limit for Variable Rate Exposure	40	40	40	40

- 1.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

2 Maturity Structure of Fixed Rate borrowing

- 2.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 2.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

Maturity structure of fixed rate borrowing	Actual %	Lower Limit %	Upper Limit %
under 12 months	3.09	0	30
12 months and within 24 months	4.13	0	30
24 months and within 5 years	8.52	0	30
5 years and within 10 years	12.15	0	30
10 years and above	72.11	50	100

3 Credit Risk

3.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.

3.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

3.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

3.4 The only indicators with prescriptive values are credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

4 Upper Limit for total principal sums invested over 1 year

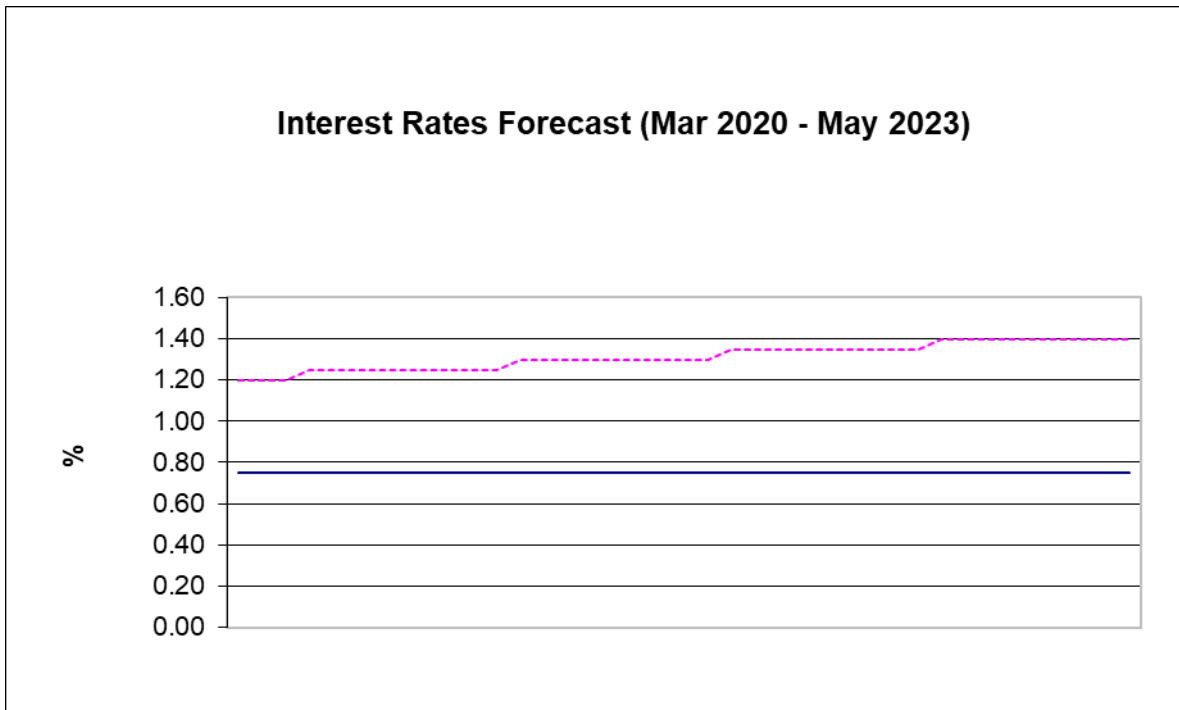
4.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 1 year	2019/20 Approved £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
	10.00	10.00	10.00	10.00

INTEREST RATES FORECAST

The graph below shows the interest rate forecast for the Official UK Bank Rate and the 50 year GILT rate from March 2020 to May 2023. The Official Bank Rate influences the rate at which the Council can invest. The GILT rate is the rate at which the Government borrows money and therefore this affects the rate at which the Council can borrow from the PWLB which is approximately 2% above GILT rates.

As the graph shows, it's much more expensive to borrow than to invest at the moment with the Official UK Bank Rate expected to remain fairly constant over the period. The graph illustrates that the difference between investment and borrowing rates is approximately 2.5%.



- _____ Official Bank Rate
- - - - - 50-yr GILT Rate

**Treasury Management Strategy Statement
and Investment Strategy 2020/21 to 2022/23**

ANNEX C

GLOSSARY - Useful guide to Treasury Management Terms and Acronyms

BANK OF ENGLAND	UK's Central Bank
BANK RATE	Bank of England Interest Rate (also known as Base Rate)
CPI	Consumer Price Index – a measure of the increase in prices
RPI	Retail Price Index – a measure of the increase in prices
DMO	Debt Management Office – issuer of gilts on behalf of HM Treasury
FSA	Financial Services Authority - the UK financial watchdog
GDP	Gross Domestic Product – a measure of financial output of the UK
LIBID	London Interbank Bid Rate - International rate that banks lend to other banks
LIBOR	London Interbank Offer Rate – International rate that banks borrow from other banks (the most widely used benchmark or reference for short term interest rates)
PWLB	Public Works Loan Board – a Government department that lends money to Public Sector Organisations
MPC	Monetary Policy Committee - the committee of the Bank of England that sets the Bank Rate
LONG TERM RATES	More than 12 months duration
SHORT TERM RATES	Less than 12 months duration
BOND (GENERAL)	An investment in which an investor loans money to a public or private company that borrows the funds for a defined period of time at a fixed interest rate
GOVERNMENT BOND	A type of bond issued by a national government generally with a promise to pay periodic interest payments and to repay the face value on the maturity date

Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23

CORPORATE BOND	A type of bond issued by a corporation to raise money in order to expand its business
COVERED BOND	A corporate bond issued by a financial institution but with an extra layer of protection for investors whereby the investor has recourse to a pool of assets that secures or “covers” the bond if the financial institution becomes insolvent
GILT	A bond that is issued by the British government which is classed as a low risk investment as the capital investment is guaranteed by the government
REPO	A repurchase agreement involving the selling of a security (usually bonds or gilts) with the agreement to buy it back at a higher price at a specific future date For the party selling the security (and agreeing to repurchase it in the future) it is a REPO For the party on the other end of the transaction e.g. the local authority (buying the security and agreeing to sell in the future) it is a reverse REPO
FTSE 100	Financial Times Stock Exchange 100 - An index composed of the 100 largest companies listed on the London Stock Exchange which provides a good indication of the performance of major UK companies

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Treasury Management (TM) Update Report

1 Changes in the external environment

Economic Outlook

- 1.1 The political backdrop to the UK remains uncertain and fragile as the Brexit negotiations continue ahead of Britain's planned withdrawal from the EU. In view of this uncertainty, the Council will continue to take a cautious approach in relation to its investments and borrowing.

2 Investment Strategy

- 2.1 Conventional bank deposits have become riskier because of a lower likelihood that the UK and other governments will support failing banks. As the Banking Reform Act 2014 was implemented in the UK from January 2015, banks were no longer able to rely on government bail-outs if they got into difficulty. They would be required instead to bail themselves out by taking a proportion of investors' deposits to build up their capital. This new risk has been termed 'bail-in' risk and is potentially a greater risk to investors than the 'bail-out' risk of the past.
- 2.2 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council has only held a minimal amount of investments for short-term cash flow purposes and has placed a far greater emphasis on investing with the UK Government's Debt Management Office and other local authorities in order to minimise these risks.

3 Borrowing Strategy

- 3.1 In line with its TM strategy and following advice from its treasury consultants, the Council has locked in a proportion of its debt at very low rates with the Public Works Loan Board (PWLB) to fund the capital programme. A new loan for £10m was undertaken in May 2019 over a 15 year period on an Equal Instalment of Principal (EIP) basis at a rate of 1.73%.
- 3.2 The Council has previously raised all of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a less attractive option. The Council will also now consider borrowing any long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

3.3 The Council has also continued to undertake temporary borrowing from other local authorities as required to cover short-term cash flow requirements as this is a good source of readily available cash at historically low rates.

3.4 At the same time, the Council will also continue to monitor its cash position and interest rate levels to ensure that further long term borrowing is undertaken at the optimal time to fund on-going Capital commitments.

4 Controls

4.1 Prudential Indicators

The Council sets prudential indicators which set boundaries within which its treasury management activity operates. The indicators are calculated to demonstrate that the Council's borrowing is affordable and include measures that show the impact of capital and borrowing decisions over the medium term. The Council has remained within all of its borrowing and investment limits for 2019/20 as stated in the TM Strategy Statement and the Capital Strategy Report agreed by Council in February 2019. The Council has not deviated from the Capital related indicators either.

4.2 The Capital related Prudential Indicators are included in the Capital Strategy Report which gives a high level, concise and comprehensible overview to all elected members of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services.

4.3 The Capital Strategy Report will be reported to Council in February alongside the Capital Plan and will include the following Capital related Prudential Indicators:

Estimates of Capital Expenditure and Financing
Ratio of Financing Costs to Net Revenue Stream
Capital Financing Requirement
Authorised Limit and Operational Boundary for External Debt

4.4 Audit Reviews

Following a positive internal audit review in February 2019, another annual audit review was undertaken in December 2019, the results of which are awaited.

4.5 Training

The Council's treasury consultants, Arlingclose Ltd, provided a training session to members and staff in November 2019 covering various aspects of Treasury Management such as investments and loans.

5 Future

5.1 TM Strategy for next six months

The Council has committed to various projects such as Flood defences, 21c Schools and HRA schemes so the Council will need to undertake further borrowing in order to finance these schemes. The Council will therefore continue to review its cash position to ensure that borrowing is undertaken as required. The Council will also monitor market conditions and interest rate levels to ensure that external borrowing is undertaken at the optimal time in line with the TM strategy.

5.2 Reports

The next reports will be the annual TM Review Report 2019/20 and the TM Update Report 2020/21 which will be reported to the Corporate Governance Committee in July.

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Treasury Management Strategy Statement 2020/21

Well-being Impact Assessment Report

This report summarises the likely impact of the proposal on the social, economic, environmental and cultural well-being of Denbighshire, Wales and the world.

Assessment Number:	148
Brief description:	The Treasury Management strategy for 2020/21
Date Completed:	20/12/2019 11:46:26 Version: 14
Completed by:	Rhys Ifor Jones
Responsible Service:	Finance
Localities affected by the proposal:	Whole County,
Who will be affected by the proposal?	Proposals have little or no direct impact on the vast majority of residents as the strategy involves managing the Council's investments and borrowing.
Was this impact assessment completed as a group?	No

IMPACT ASSESSMENT SUMMARY AND CONCLUSION

Before we look in detail at the contribution and impact of the proposal, it is important to consider how the proposal is applying the sustainable development principle. This means that we must act "in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs."

Score for the sustainability of the approach

★ ★ ★ ☆ (3 out of 4 stars) Actual score : 20 / 30.

Implications of the score

An efficient Treasury Management strategy ensures that the Council is maximising the use of its resources in order to guarantee the sustainability of the approach in the long term.

Summary of impact

Well-being Goals

- A prosperous Denbighshire
- A resilient Denbighshire
- A healthier Denbighshire
- A more equal Denbighshire
- A Denbighshire of cohesive communities
- A Denbighshire of vibrant culture and thriving Welsh language
- A globally responsible Denbighshire

- Positive
- Positive
- Neutral
- Neutral
- Neutral
- Neutral
- Neutral



Main conclusions

An effective Treasury Management strategy ensures that the Council's investment and borrowing decisions will contribute towards the goal of maximising income and minimising costs which supports efficient service delivery.

Evidence to support the Well-being Impact Assessment

- We have consulted published research or guides that inform us about the likely impact of the proposal
- We have involved an expert / consulted a group who represent those who may be affected by the proposal
- We have engaged with people who will be affected by the proposal

THE LIKELY IMPACT ON DENBIGHSHIRE, WALES AND THE WORLD

A prosperous Denbighshire

Overall Impact	Positive
Justification for impact	An effective Treasury Management strategy ensures that the Council's investment and borrowing decisions will contribute towards the goal of maximising income and minimising costs which supports efficient service delivery.
Further actions required	Sound financial planning and efficient long term treasury management strategies ensure that the positive impact of this report on the County's prosperity is maximised.

Positive impacts identified:

A low carbon society	
Quality communications, infrastructure and transport	Financial planning and decision making ensures that proper consideration of the long term impact of financial decisions is given, including the payback period and whole life costs of capital investment decisions, properly impact assessed budget proposals and long term debt and investment (treasury management) strategies.
Economic development	The Treasury Management strategy and Prudential Indicators ensure that the Council's cash is safeguarded as much as possible by making investments in banks recommended in the annual strategy statement.
Quality skills for the long term	The strategy ensures that the Council's borrowing is monitored and is within set limits and is affordable. It identifies current financing requirements for the Capital Plan and estimates the proposed capital requirements for the next three financial years.
Quality jobs for the long term	Sound investment and borrowing decisions relating to the Council's cash will maximise the Council's income within the guidelines set in the Treasury Management strategy.
Childcare	The Prudential Indicators are a statutory requirement which demonstrate the affordability of our plans and contribute towards the overall financial wellbeing of Denbighshire.

Negative impacts identified:

A low carbon society	
Quality communications, infrastructure and transport	
Economic development	
Quality skills for the long term	
Quality jobs for the long term	
Childcare	

A resilient Denbighshire

Overall Impact	Positive
Justification for impact	A sound Treasury Management strategy ensures that the Council's cash is secure and new borrowing is affordable. It also enables the Council to react quickly to market volatility by continual monitoring of the financial institutions throughout the year.
Further actions required	Good investment decisions will help the Council to develop more efficient working practices which will use less resources which will help to maximise the positive impact of this report on the County's resilience.

Positive impacts identified:

Biodiversity and the natural environment	
Biodiversity in the built environment	
Reducing waste, reusing and recycling	Good investment decisions will help the Council to develop more efficient working practices which will use less resources.
Reduced energy/fuel consumption	The strategy is set at the start of the financial year but it is monitored carefully throughout the year to ensure that the Council reacts quickly to any market volatility and the impact on the banking institutions.
People's awareness of the environment and biodiversity	
Flood risk management	

Negative impacts identified:

Biodiversity and the natural environment	
Biodiversity in the built environment	
Reducing waste, reusing and recycling	
Reduced energy/fuel consumption	
People's awareness of the environment and biodiversity	
Flood risk management	

A healthier Denbighshire

Overall Impact	Neutral
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Justification for impact	Proposals have little or no direct impact on the vast majority of residents as the strategy involves managing the Council's investments and borrowing.
Further actions required	The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

A social and physical environment that encourage and support health and well-being	
Access to good quality, healthy food	
People's emotional and mental well-being	
Access to healthcare	
Participation in leisure opportunities	The strategy contributes to the overall financial health of Denbighshire and therefore supports the delivery of the annual budget.

Negative impacts identified:

A social and physical environment that encourage and support health and well-being	
Access to good quality, healthy food	
People's emotional and mental well-being	
Access to healthcare	
Participation in leisure opportunities	

A more equal Denbighshire

Overall Impact	Neutral
Justification for impact	A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority without impacting on residents.
Further actions required	The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

Improving the well-being of people with protected characteristics. The nine protected characteristics are: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation	
People who suffer discrimination or disadvantage	
Areas with poor economic, health or educational outcomes	
People in poverty	An efficient treasury management strategy contributes to the financial resilience of the Council and supports service delivery.

Negative impacts identified:

Improving the well-being of people with protected characteristics. The nine protected characteristics are: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation	
People who suffer discrimination or disadvantage	
Areas with poor economic, health or educational outcomes	
People in poverty	

Overall Impact	Neutral
Justification for impact	A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority without impacting on residents.
Further actions required	The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

Safe communities and individuals	
Community participation and resilience	
The attractiveness of the area	
Connected communities	
Rural resilience	

Negative impacts identified:

Safe communities and individuals	
Community participation and resilience	
The attractiveness of the area	
Connected communities	
Rural resilience	

A Denbighshire of vibrant culture and thriving Welsh language

Overall Impact	Neutral
Justification for impact	A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority. It has no direct impact on the language and the culture because any treasury management decisions are based on the treasury strategy and advice from financial consultants.
Further actions required	The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

People using Welsh	
Promoting the Welsh language	

Culture and heritage	
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Negative impacts identified:

People using Welsh	
Promoting the Welsh language	
Culture and heritage	

A globally responsible Denbighshire

Overall Impact	Neutral
Justification for impact	A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority. It has no direct impact on the local area.
Further actions required	The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

Local, national, international supply chains	
Human rights	All investments are undertaken from national institutions in line with the strategy and financial advice. The strategy determines the institutions with the minimum credit rating which the Authority is permitted to invest with.
Broader service provision in the local area or the region	All borrowing is undertaken from central Government as detailed in the strategy and in line with other local authorities.

Negative impacts identified:

Local, national, international supply chains	
Human rights	
Broader service provision in the local area or the region	

Report to	Corporate Governance Committee
Date of meeting	22 January 2020
Lead Member / Officer	Julian Thompson Hill
Report author	Helen Makin Legal and Procurement Operations Manager
Title	Annual Review Collaborative Procurement Service

1. What is the report about?

The Council has a collaborative procurement service (Service) with Flintshire County Council. Denbighshire County Council acts as the host authority and provides the service to Flintshire County Council. The Service has been in place since 2014 and Cabinet agreed to renew the Service Level Agreement (SLA) last year for a further 3 years.

2. What is the reason for making this report?

The SLA includes an obligation for the Service to produce an annual report on activity and performance against targets which are derived from the Procurement Strategy.

3. What are the Recommendations?

- 3.1 That the Committee note the annual performance report, and endorses the proposed actions to improve performance (where required).
- 3.2 That the Committee considers whether the annual performance report should be submitted to a relevant scrutiny committee, such as Partnerships or Performance, for further consideration.

4. Report details

- 4.1 The Council entered into a collaborative service arrangement in 2014 with Flintshire County Council for the delivery of procurement advice. The Council is the host body and employs the team who deliver the Service. Cabinet agreed to renew that arrangement last year for a further 3 years.
- 4.2 There is a SLA governing how the Service is delivered. The SLA established a Procurement Joint Management Board (PJMB) consisting of senior officers and the Cabinet Member from each Council. The PJMB holds the Service to account, monitors performance and resolves issues relating to the delivery of the Service.
- 4.3 The SLA also requires the Service to report annually on its performance. The report for 2018/2019 is attached. The SLA states that the Councils will split the costs based on their share of the combined overall spend of both Councils. The spend will vary from year to year depending on capital projects but the Council broadly spends 45% and so its share of the running costs is 45%.
- 4.4 The report covers all aspects of the service such as budget and structure, as well as performance against its Key Performance Indicators (KPIs).
- 4.3 The Service has recently reviewed its KPIs, keeping some and replacing others. The retained KPIs have an existing benchmark and so are measured against targets. The new KPIs do not yet have a benchmark so the Service is recording performance (from which targets will be set). The full performance tables are at Appendix 3 of the Annual Report.
- 4.4 The trends to note are that over 60% of procurements for quarters 1 to 3 of 2019 have delivered savings on the existing budget. There is still improvement to be made on the number of collaborative procurements, with only an average of 13 % of procurements being carried out collaboratively. There is consistency of spend with suppliers within Wales and Denbighshire. The number of contracts including community benefits dipped in quarter 3. It is anticipated that with the Community Benefits Hub and the appointment of a Community Benefits Manager, there will be an increase in the number and type of Community Benefits delivered by contracts.

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

The procurement activities of the Council contribute to each Corporate Priority in the Corporate Plan.

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

The budget for 2019-20 is £430,403. The cost is split 55% to Flintshire and 45% to Denbighshire. The contribution from the Council is £193,681.

7. What are the main conclusions of the Well-being Impact Assessment?

Not relevant

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

Not relevant

9. Chief Finance Officer Statement

Not relevant

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

The Internal Audit report made recommendations for the improvement of the Collaborative Procurement Unit and gave it a low assurance rating. After implementation of management actions, the ratings has increased to medium assurance level. The actions relating to the review of the Procurement Strategy and the review of the Contract Procedure Rules have not yet been closed but have started to be implemented. The Procurement Strategy is going to Senior Leadership Team on 16 January 2020. The consultation about the revised Contract Procedure Rules will start in February or March 2020.

11. Power to make the decision

Section 9 Local Government (Wales) Measure 2009 (express power to collaborate with another local authority)

Section 111 Local Government Act 1972 (power to undertake any act to facilitate, or which is conducive or incidental to, the discharge of any of their functions);

Section 112 Local Government Act 1972 (appoint such officers as they think necessary for the proper discharge by the authority of the authority's functions);

Section 113 Local Government Act 1972 (placing staff of a local authority at the disposal of another local authority)

Section 3(1) Local Government Act 1999 (general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised)

Section 13 Table 4 (m) of the Council's Constitution delegates to Cabinet the power to foster and maintain positive relations with partner organisations.

Annual Review Collaborative Procurement Unit 2018-19

BACKGROUND

- 1 The Collaborative Procurement Unit (the “CPU”) was established on 1 July 2014. It is a collaboration between Denbighshire CC and Flintshire CC. The original 3 years agreement has been renewed by each council for another 3 years.
- 2 The structure of the CPU is set out in Appendix 1 (reflecting the redundancy of the Strategic Procurement Business Partner in 2018/2019 financial year). Services provided by the CPU are set out in Appendix 2.
- 3 The CPU is part of the Legal, HR and Democratic Service at DCC, which is the host authority.
- 4 The Legal and Procurement Operations Manager manages a team of Procurement Business Partners and Procurement/Legal Support Officers whose duties are to ensure that all third party spend is commissioned and procured in accordance with each Council’s Procurement Strategy (the “Strategy”). Each Council has its own Strategy but the current versions are the same document. There is a specific section below on the Strategy.
- 5 The annual spend data for Denbighshire CC is set out below:
 - Total spend for goods services and works - £131,861,104
 - Amount of spend for Denbighshire businesses within the total spend for DCC - £43,126,045 (33%)
 - Amount of spend for third sector within the total spend for DCC - £9,168,522 (7%)
 - Amount of spend for third sector in Denbighshire within the total spend for DCC - £2,606,022 (6%)
6. The annual spend data for Flintshire CC is set out below
 - Total spend for goods services and works – £197,714,082
 - Amount of spend for Flintshire businesses within the total spend for FCC - £51,090,377 (26%)
 - Amount of spend for third sector within the total spend for FCC - £12,536,784 (6%)
 - Amount of spend for third sector in Flintshire within the total spend for FCC - £2,677,401 (5%)

PROCUREMENT STRATEGY

- 7 The Strategy was approved by each Council in 2016 to:
 - a) Have a clear approach as to how each Council undertakes its procurement activities and
 - b) Adopt the principles of the Welsh Procurement Policy Statement and obligations placed upon it by the Future Generations Act, the Social Services and Well Being Act and Procurement Legislation.

- 8 The general principles contained within the Strategy are:
 - a) An integrated procurement strategy setting out the vision and objectives in relation to all third party delivered goods, services and works.
 - b) A 'one-council' approach recognising the importance of the CPU working in partnership with Services throughout the Council.
 - c) ensuring due compliance and consideration of the Public Contracts Regulations, Welsh Government Procurement Policy, the Council's Contract Procedure Rules, and other associated legislative requirements.
 - d) Considers how the Council can actively improve the economic, social, environmental and cultural wellbeing of the local area in accordance with the sustainable development principles

- 9 An Action Plan had been developed as part of the Strategy. The Action Plan has now been completed.

- 10 An updated procurement strategy is being drafted and will be adopted in 2019-2020 following an internal consultation and subsequent approval by Cabinet and full Council if required. The changes to Strategy cover a change in emphasis away from the use of external frameworks and a change to each Council's use of frameworks set up by the National Procurement Service, enhanced local supplier opportunities and reference to local policies and initiatives. KPIs have also been updated (see next section). The revised strategy will also include the Council's commitments under the Ethical Procurement Code.

KEY PERFORMANCE INDICATORS

11. The Legal and Procurement Manager has undertaken a review of the KPIs in place in August 2017, and has revised the KPIs after discussions with Joint Procurement Board and Strategic Planning at DCC. The new KPIs are fewer in number and relate to each Council's Corporate Plan/objectives. Some KPI's are carried forward and a target has been set for these. For the new KPI's, benchmark data is being collected and will be used to set targets in future years.
12. Appendix 3 contains the yearly figures for the KPIs. There has been a drop in the number of contracts (value over £25,000 up to £1m) where community benefits have been obtained. Flintshire CC has been re-examining its policies on the

achievement of community benefits/social value and the transition from one approach to another is believed to have impacted on delivery. FCC approved its Social Value Strategy in April 2019, and DCC is looking at setting up a Community Benefits Hub (subject to funding and project approval from Corporate Projects Board and CET). Performance is therefore expected to improve during 19/20.

PROCUREMENT ACTIVITY FOR CONTRACTS VALUED OVER £25,000 AND COLLABORATIVE PROCUREMENTS

13. Appendix 4 contains the details of the number of contracts awarded via a procurement process .It does not contain specific details about contracts awarded under the transport DPS for DCC and FCC nor call-off contracts under frameworks set up by either Council nor contracts awarded after an exception report.

14. Whilst the two Councils have agreed a collaborative approach to procurement, in practice, this has been difficult to achieve. Appendix 5 contains details of the collaborative procurements completed, in progress and those being discussed. The reason for not pursuing a collaborative procurement usually relate to different timings, different requirements or differing approaches to the procurement process. Reasons are stated in Appendix 5. It has been agreed that regular reports will be made to Chief Officers/Heads of Service so that they can see and influence the number of collaborative contracts actually being agreed.

SAVINGS

15. Appendix 6 contains the savings document agreed by Strategic Performance, Procurement/Legal Services and Finance, and which has been agreed by the Chief Executive at DCC and the Chief Officer Governance for FCC. This was an action from the 2018 Audit report into CPU.

16. Discussions are on-going across each Council as to how the savings figures will be collated and reported.

17. A spreadsheet is kept recording anticipated savings expected at contract award. It also identifies projects where a tender cost exceeds the estimated budget. The top 7 of savings is set out below:

Contract Description	Description of Savings	Estimated Value (over contract period)
Supply of lanterns for the highway (FCC)	Cost below budget following a fully	£432,323 total

	compliant procurement process	
Insurance cover (DCC)	Cost below budget following a fully compliant procurement process	£900,000
Average speed cameras (DCC)	Cost below budget following a fully compliant procurement process	£90,000
Renewal of school roof (FCC)	Cost below budget following a fully compliant procurement process	£61,400
Ventilation system Unity House (FCC)	Cost below budget following a fully compliant procurement process	£101,913
Re-wire Hawarden Records Office (FCC)	Cost below budget following a fully compliant procurement process	£57,070
Telephony maintenance (FCC)	Cost below budget following a fully compliant procurement process	£50,794

SPEND ANALYSIS

18. The annual spend across Services for each Council is attached in Appendix 7.
19. There are sums which have not been allocated across Services. This is because entries have either not been coded on P2P or are coded incorrectly and cannot be assigned to a Service. These non-allocated sums are a substantial proportion of the total spend for each Council.
20. Data is processed via Atamis spend analytics software made available and fully funded by Welsh Government.
21. An improvement in spend analysis is required to help improve Service planning for the re tender of expiring contracts, reduce the number of direct awards or extensions and identify similar spend across Services which can be amalgamated rather than undertaken separately by individual Services.

LOCAL AND ETHICAL SUPPLY CHAINS

22. All tender exercises are advertised on the Sell2Wales website and local SMEs are encouraged to register on the site by Services, and also when requests are received direct from suppliers. The use of local companies is built into the tender award criteria within legislative constraints in the form of quality considerations that are proportionate to the contract.
23. Amount of spend for Denbighshire businesses within the total spend for DCC - £43,126,045 (33%). Amount of spend for Flintshire businesses within the total spend for FCC - £51,090,377 (26%).
24. Contracts are broken down into smaller 'lots' of work where possible to allow SMEs to compete and sub contract opportunities are promoted, where possible in supply chains.
25. FCC has adopted the Welsh Government's Ethical Code of Employment in Supply Chains and an action plan is being implemented. DCC are taking a report to Cabinet in June 2019 recommending that the Code is adopted in Denbighshire. The action plan sets out the steps to be taken to implement the Code and how to imbed the principles into procedures and documentation.
26. The use of frameworks as the preferred procurement route is considered more carefully now, as it is likely that national frameworks, even those across Wales, exclude local suppliers. In addition, DCC and FCC have set up some of their own frameworks as an alternative to using national frameworks, and local suppliers have been encouraged to apply to be awarded a place on the framework. Both Councils have set up separate dynamic purchasing systems for their integrated transport services, which focus on local suppliers for local routes, and which allow new suppliers to apply to be appointed to the DPS during its lifetime.

HORIZON PROJECTS/CONTRACTS DUE FOR RENEWAL

27. Until recently, contracts have not been pushed through to the contract management module of the e procurement system. This means that there is no centralised point for contracts to be stored and monitored. This has now started to happen, but it is a Service responsibility to monitor contracts and complete tasks in the contract management module, and whilst CPU can prompt and chase, the onus is on Services to undertake contract management and monitoring. This means there is no accurate and centralised point which records contracts and their end date. Preparing for a procurement to start prior to the expiry of a contract relies upon the Service or CPU being aware that a contract is due to expire.
28. Lack of contract management processes means that some procurement planning is done late requiring a rushed procurement, or some contracts miss an expiry date and require an exception or variation form to ensure service continuity. Contract management is currently being reviewed in DCC as part of the Support Service Review.

REGIONAL PROJECTS

29. There are some regional projects on-going, but this type of activity is slowing down. There may be an upsurge as the Welsh Local Government Association propose a National/Regional approach to procurement in Wales, in the wake of the review of the National Procurement Service. This is still being discussed and is at draft proposal stage.
30. Current regional procurement projects relate to the Domiciliary Care Framework and the Learning Disability Transformation (audit of strategic plan).

NATIONAL PROCUREMENT SERVICE

31. The Councils continue to consider the National Procurement Service Frameworks (£4,024,631 spend directed via NPS Frameworks in 2018/19) and will continue to procure from them where sourcing strategies evidence provision of value for money requirements against the Council's needs. The breakdown of spend against Service area is contained in Appendix 8.
32. As mentioned above, there is a current review on going around the National Procurement Service. Active engagement to the current and ongoing review of the National Procurement Service (and Value Wales) will ensure that any developments potentially having influence on the way that the Councils operate are considered and discussed at a Regional/National level.

BUDGET

33. Details of the budget for CPU are set out in Appendix 9. In 2018/19 one post was made redundant due to budget savings at DCC. This will be operative from 6 April 2019.

AUDIT REPORT PROGRESS

34. There continues to be progress against the actions from the 2018 Audit report. Appendix 10 contains the updated report which went to Corporate Governance Committee at DCC on 5 June. The Audit report gives a follow up score of medium assurance, with some tasks outstanding, but the majority have been completed. It indicates the direction of travel for CPU as "up".

Appendix 1 Structure of CPU



Procurement
Structure april 2019

Appendix 2

Services offered by CPU

CPU provides the following services to DCC and FCC:

Policy

- Provide advice on legislation and regulatory framework policies, that impact on procurement e.g. Contract Procedure Rules and European Procurement Directives.
- Develop, maintain and implement the Council's respective Corporate Procurement Strategies.
- Implement the Wales Procurement Policy Statement objectives as developed by Welsh Government.
- Develop and promote guidance reflecting procurement best practice.

Day-to-day Management of Procurement Matters

- Champion procurement in the Councils.
- Provide the strategic lead covering all procurement activities.
- Work with service areas to identify opportunities for co-ordination and co-operation.
- Co-ordinate initiatives aimed at improving purchasing power and lowering prices.
- Lead on corporate procurement initiatives and projects (e.g. e-procurement and joint procurement initiatives with other organisations).
- Undertake performance measurement, monitoring and comparison of the procurement function as well as suppliers or contractors.
- Carry out procurement research and Intelligence (including market intelligence).
- Report on spend across Services.
- Report on savings achieved through the procurement process.

Advice

- Advise and support service areas on the preparation of tender and pre-qualification documents including drafting specifications and terms and conditions.
- Develop and deliver a corporate procurement training programme for each Partner.
- Develop and produce clear, user-friendly guidance and information on procurement rules and best practice.
- Develop, maintain and disseminate through regular communication procurement best practice.

Appendix 3

KPIs



DCC&FCC KPI Data
18.19.xlsx

Schedule 4 Contracts Awarded by Directorate



DCC.FCC
Procurement by Dep

Appendix 5 Collaborative Procurements



Collaborative
Procurements Recor

Appendix 6

Savings methodology



Procurement
Efficiency Savings M

Appendix 7

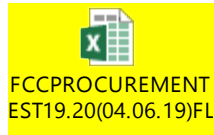
Spend Analysis



DCC.FCC Spend by
SVC Area 18.19 (002)

Appendix 8

Budget



Appendix 9 Use of NPS Frameworks



NPS spend final
2018-2019.pdf

Appendix 10

Audit Update Report



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orateProcurementRe

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Annual Review Collaborative Procurement Unit 2018-19

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- 9 An Action Plan had been developed as part of the Strategy. The Action Plan has now been completed.

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Insurance cover (DCC)	Cost below budget following a fully compliant procurement process	£900,000
Average speed cameras (DCC)	Cost below budget following a fully compliant procurement process	£90,000
Renewal of school roof (FCC)	Cost below budget following a fully compliant procurement process	£61,400
Ventilation system Unity House (FCC)	Cost below budget following a fully compliant procurement process	£101,913
Re-wire Hawarden Records Office (FCC)	Cost below budget following a fully compliant procurement process	£57,070
Telephony maintenance (FCC)	Cost below budget following a fully compliant procurement process	£50,794

SPEND ANALYSIS

18. The annual spend across Services for each Council is attached in Appendix 7.
19. There are sums which have not been allocated across Services. This is because entries have either not been coded on P2P or are coded incorrectly and cannot be assigned to a Service. These non-allocated sums are a substantial proportion of the total spend for each Council.
20. Data is processed via Atamis spend analytics software made available and fully funded by Welsh Government.
21. An improvement in spend analysis is required to help improve Service planning for the re tender of expiring contracts, reduce the number of direct awards or extensions and identify similar spend across Services which can be amalgamated rather than untaken separately by individual Services.

LOCAL AND ETHICAL SUPPLY CHAINS

22. All tender exercises are advertised on the Sell2Wales website and local SMEs are encouraged to register on the site by Services, and also when requests are received direct from suppliers. The use of local companies is built into the tender award criteria within legislative constraints in the form of quality considerations that are proportionate to the contract.
23. Amount of spend for Denbighshire businesses within the total spend for DCC - £43,126,045 (33%). Amount of spend for Flintshire businesses within the total spend for FCC - £51,090,377 (26%).
24. Contracts are broken down into smaller 'lots' of work where possible to allow SMEs to compete and sub contract opportunities are promoted, where possible in supply chains.
25. FCC has adopted the Welsh Government's Ethical Code of Employment in Supply Chains and an action plan is being implemented. DCC are taking a report to Cabinet in June 2019 recommending that the Code is adopted in Denbighshire. The action plan sets out the steps to be taken to implement the Code and how to imbed the principles into procedures and documentation.
26. The use of frameworks as the preferred procurement route is considered more carefully now, as it is likely that national frameworks, even those across Wales, exclude local suppliers. In addition, DCC and FCC have set up some of their own frameworks as an alternative to using national frameworks, and local suppliers have been encouraged to apply to be awarded a place on the framework. Both Councils have set up separate dynamic purchasing systems for their integrated transport services, which focus on local suppliers for local routes, and which allow new suppliers to apply to be appointed to the DPS during its lifetime.

HORIZON PROJECTS/CONTRACTS DUE FOR RENEWAL

27. Until recently, contracts have not been pushed through to the contract management module of the e procurement system. This means that there is no centralised point for contracts to be stored and monitored. This has now started to happen, but it is a Service responsibility to monitor contracts and complete tasks in the contract management module, and whilst CPU can prompt and chase, the onus is on Services to undertake contract management and monitoring. This means there is no accurate and centralised point which records contracts and their end date. Preparing for a procurement to start prior to the expiry of a contract relies upon the Service or CPU being aware that a contract is due to expire.
28. Lack of contract management processes means that some procurement planning is done late requiring a rushed procurement, or some contracts miss an expiry date and require an exception or variation form to ensure service continuity. Contract management is currently being reviewed in DCC as part of the Support Service Review.

REGIONAL PROJECTS

29. There are some regional projects on-going, but this type of activity is slowing down. There may be an upsurge as the Welsh Local Government Association propose a National/Regional approach to procurement in Wales, in the wake of the review of the National Procurement Service. This is still being discussed and is at draft proposal stage.
30. Current regional procurement projects relate to the Domiciliary Care Framework and the Learning Disability Transformation (audit of strategic plan).

NATIONAL PROCUREMENT SERVICE

31. The Councils continue to consider the National Procurement Service Frameworks (£4,024,631 spend directed via NPS Frameworks in 2018/19) and will continue to procure from them where sourcing strategies evidence provision of value for money requirements against the Council's needs. The breakdown of spend against Service area is contained in Appendix 8.
32. As mentioned above, there is a current review on going around the National Procurement Service. Active engagement to the current and ongoing review of the National Procurement Service (and Value Wales) will ensure that any developments potentially having influence on the way that the Councils operate are considered and discussed at a Regional/National level.

BUDGET

33. Details of the budget for CPU are set out in Appendix 9. In 2018/19 one post was made redundant due to budget savings at DCC. This will be operative from 6 April 2019.

AUDIT REPORT PROGRESS

34. There continues to be progress against the actions from the 2018 Audit report. Appendix 10 contains the updated report which went to Corporate Governance Committee at DCC on 5 June. The Audit report gives a follow up score of medium assurance, with some tasks outstanding, but the majority have been completed. It indicates the direction of travel for CPU as "up".

Appendix 1 Structure of CPU



Procurement
Structure april 2019

Appendix 2

Services offered by CPU

CPU provides the following services to DCC and FCC:

Policy

- Provide advice on legislation and regulatory framework policies, that impact on procurement e.g. Contract Procedure Rules and European Procurement Directives.
- Develop, maintain and implement the Council's respective Corporate Procurement Strategies.
- Implement the Wales Procurement Policy Statement objectives as developed by Welsh Government.
- Develop and promote guidance reflecting procurement best practice.

Day-to-day Management of Procurement Matters

- Champion procurement in the Councils.
- Provide the strategic lead covering all procurement activities.
- Work with service areas to identify opportunities for co-ordination and co-operation.
- Co-ordinate initiatives aimed at improving purchasing power and lowering prices.
- Lead on corporate procurement initiatives and projects (e.g. e-procurement and joint procurement initiatives with other organisations).
- Undertake performance measurement, monitoring and comparison of the procurement function as well as suppliers or contractors.
- Carry out procurement research and Intelligence (including market intelligence).
- Report on spend across Services.
- Report on savings achieved through the procurement process.

Advice

- Advise and support service areas on the preparation of tender and pre-qualification documents including drafting specifications and terms and conditions.
- Develop and deliver a corporate procurement training programme for each Partner.
- Develop and produce clear, user-friendly guidance and information on procurement rules and best practice.
- Develop, maintain and disseminate through regular communication procurement best practice.

Appendix 3

KPIs



DCC&FCC KPI Data
18.19.xlsx

Schedule 4 Contracts Awarded by Directorate



DCC.FCC
Procurement by Dep

Appendix 5 Collaborative Procurements



Collaborative
Procurements Recor

Appendix 6

Savings methodology



Procurement
Efficiency Savings M

Appendix 7

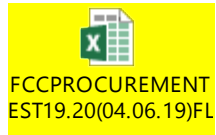
Spend Analysis



DCC.FCC Spend by
SVC Area 18.19 (002)

Appendix 8

Budget



Appendix 9 Use of NPS Frameworks



NPS spend final
2018-2019.pdf

Appendix 10

Audit Update Report



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Outcome 1 - The Council achieves value for money from the goods, works and services it procures

PI No	DESCRIPTION	Q1 01/04/18 - 30/06/18	Q2 01/07/18 - 30/09/18	Q3 01/10/18 - 31/12/18	Q4 01/01/2019 - 31/03/19	COMMENTS
CPS2	Number of Procurement Challenges <i>0 - Excellent 1 - Intervention Point</i>	0%	0%	0%	0%	
CPS3	% of contracts delivering anticipated savings <i>95% - Excellent 75% - Intervention Point</i>	67%	59%	64%	0%	Q1 - 4 of the 6 contracts awarded Q2 - 10 of the 17 Contracts awarded Q3 - 7 of 11 Contrats Awarded Q4 - 0 of 4 contracts awarded
CPS 4	% of Procurements AWARDED collaboratively	0%	12%	15%	25%	Q1 - 0 of 6 Contracts Awarded Q2 - 2 of the 17 Contracts Awarded Q3 - 2 of 13 contracts Q4 - 1 of 4 Contracts awarded
	Number of potential collaborative procurement activities					As of 31/03/19 - 34 potential collaborative procurements with 13 tenders either already completed or underway collaboratively
	Number of missed collaborative procurement activities					As of 31/03/19 - 6 of the 34 potentially collaborative procurements have been 'missed opportunities' for various reasons.

Outcome 2 - The Council improves the contribution its procurement activity has on the local economy

PI No	DESCRIPTION	Q1 01/04/18 - 30/06/18	Q2 01/07/18 - 30/09/18	Q3 01/10/18 - 31/12/18	Q4 01/01/2019 - 31/03/19	COMMENTS
CPS5	% of spend with suppliers based within Mersey Dee Alliance	7%	7%	7%	6%	
CPS6	% of spend with suppliers based within Wales	55%	50%	51%	51%	
CPS8	% of spend with suppliers based within Denbighshire	31%	37%	30%	32%	
CPS9	% of spend with suppliers based within Flintshire	4%	4%	5%	3%	
CPS7a	% of Denbighshire contracts between £25,000 and £1,000,000 containing Community Benefits	67%	53%	7%	67%	Q1 - 4 of the 6 contracts awarded Q2 - 9 of the 17 Contracts Awarded Q3 - 1 of 13 Contracts Awarded Q4 - 2 Of 3 Contracts Awarded

% value of Denbighshire Contracts awarded collaboratively

0%	14%	65%	55%	Q1 - No contracts awarded collaboratively Q2 - Total value of contracts awarded = £6,711,360 with £968,730 being the value of those awarded collaboratively Q3 - Total value of contracts awarded = £4,889,990 with £3,200,000 being the value of those awarded collaboratively Q4 - Total value of contracts awarded = £1,827,613 with £1,000,000 being the value of those awarded collaboratively
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Outcome 1 - The Council achieves value for money from the goods, works and services it procures

PI No	DESCRIPTION	Q1 01/04/18 - 30/06/18	Q2 01/07/18 - 30/09/18	Q3 01/10/18 - 31/12/18	Q4 01/01/2019 - 31/03/19	COMMENTS
CPS2	Number of Procurement Challenges <i>0 - Excellent 1 - Intervention Point</i>	0%	0%	0%	0%	
CPS3	% of contracts delivering anticipated savings <i>95% - Excellent 75% - Intervention Point</i>	50%	50%	60%	22%	Q1 - 3 of the 6 contracts awarded Q2 - 7 of the 14 contracts awarded Q3 - 3 of the 5 contracts awarded Q4 - 4 of the 18 contracts awarded
CPS 4	% of Procurements AWARDED collaboratively	17%	14%	40%	6%	Q1 - 1 of 6 Contracts Awarded Q2 - 2 of the 14 Contracts Awarded Q3 - 2 of 5 contracts awarded Q4 - 1 of 18 contracts awarded
	Number of potential collaborative procurement activities					As of 31/03/19 - 34 potential collaborative procurements with 13 tenders either already completed or underway collaboratively
	Number of missed collaborative procurement activities					As of 31/03/19 - 6 of the 34 potentially collaborative procurements have been 'missed opportunities' for various reasons.

Outcome 2 - The Council improves the contribution its procurement activity has on the local economy

PI No	DESCRIPTION	Q1 01/04/18 - 30/06/18	Q2 01/07/18 - 30/09/18	Q3 01/10/18 - 31/12/18	Q4 01/01/2019 - 31/03/19	COMMENTS
CPS5	% of spend with suppliers based within Mersey Dee Alliance	37%	27%	37%	34%	
CPS6	% of spend with suppliers based within Wales	52%	44%	50%	51%	
CPS8	% of spend with suppliers based within Denbighshire	11%	11%	10%	13%	
CPS9	% of spend with suppliers based within Flintshire	28%	22%	29%	24%	
CPS7b	% of Flintshire contracts between £25,000 and £1,000,000 containing Community Benefits	83%	53%	33%	25%	Q1 - 5 of the 6 contracts awarded Q2 - 8 of the 15 contracts awarded Q3 - 1 of 3 of the contracts awarded Q4 - 3 of 12 of the contracts awarded
	% value of Denbighshire Contracts awarded collaboratively	0%	27%	70%	27%	Q1 - No contracts awarded collaboratively Q2 - Total value of contracts awarded = £3,650,570 with £968,730 being the value of those awarded collaboratively Q3 - Total value of contracts awarded = £4,601,109 with £3,200,000 being the value of those awarded collaboratively Q4 - Total value of contracts awarded = £3,757,776 with £1,000,000 being the value of those awarded collaboratively

DCC Procurement's completed and awarded 18.19

Service Area	No of Procurement's/ Contracts	Value of Contracts	Comments
Business Improvement & Modernisation	5	£826,678	Includes 1 Collaborative procurement.
Communication & Marketing	1	£58,418	
Community Support Services	5	£513,964	
Education & Children's Services	3	£164,917	
Facilities, Assets & Housing	12	£2,598,929	Includes 1 Collaborative procurement. No award value provided for 3 transport contracts
Finance	3	£4,057,324	
Highways & Environment	11	£1,272,782	Includes 1 Collaborative procurement.
Legal, HR & Democratic Services	2	£4,114,108	
Planning & Public Protection	4	£587,693	
TOTAL	46	£14,194,813	

FCC Procurement's completed and awarded 18.19

Service Area	No of Procurement's/ Contracts	Value of Contracts	Comments
Housing & Community Services	13	£2,508,198	Includes 2 collaborative procurements
HR	3	£19,313,872	Includes 1 Collaborative procurement
Education, Children & Youth Services	4	£1,206,281	Award value missing for one procurement
Planning & Environment	5	£748,050	
Finance	1	£132,175	
Governance	7	£1,561,629	
Leisure	1	£1,362,034	
Lifelong Learning	3	£164,533	
Organisational Change	18	£1,148,201	
Street Scene & Transportation	5	£2,211,569	Includes 1 Collaborative procurement
TOTAL	60	£30,356,542	

Status Actual
Parties (Multiple Items)

Count of Details of Procurement	DCC Service Area						FCC Service Area						Not Applicable	Not Applicable Total	Grand Total
	DCC - Business Improvement and Modernisation	DCC - Business Improvement and Modernisation Total	DCC - Highways & Environmental Services	DCC - Highways & Environmental Services Total	DCC - Facilities, Assets and Housing	DCC - Facilities, Assets and Housing Total	DCC - Customers, Communications and Marketing	DCC - Customers, Communications and Marketing Total	DCC - Legal, HR and Democratic Services	DCC - Legal, HR and Democratic Services Total	DCC - Education and Childrens Services	DCC - Education and Childrens Services Total			
	FCC - Governance		FCC - Planning & Environment		FCC - Planning & Environment		FCC - Corporate & Central Finance		FCC - People & Resources		FCC - Education				
Details of Procurement															
Roadmarkings and Roadstuds Contract 2018-2022			1	1											1
Asbestos Removal					1				1						1
Datasentre	1	1													1
DBS e-Bulk									1		1				1
Dom Care Phase 2 Supported Living													1	1	1
Inspection of School Gymnasium & Playground Equipment											1	1			1
Multifunctional Devices	1	1													1
Print, Graphic Design & Banners							1	1							1
Provision of Agency Workers									1						1
Postal Services	1	1													1
Grand Total	3	3	1	1	1	1	1	1	2	2	1	1	1	1	10

Status Missed Opportunity
Parties (Multiple Items)

Count of If 'Status' change is 'Missed Opportunity' State Reason	Column Labels		
Row Labels	Specification/Requirement Differences	Timing	Grand Total
ICT Desktop Consumables	1		1
PSN Healthchecks	1		1
Web Content Management		1	1
Grand Total	2	1	3

Status Potential
Parties (Multiple Items)

Count of Details of Procurement	DCC Service Area						FCC Service Area						Grand Total	
	DCC - Business Improvement and Modernisation		DCC - Business Improvement and Modernisation Total	DCC - Community Support Services	DCC - Community Support Services Total	DCC - Facilities, Assets and Housing	DCC - Facilities, Assets and Housing Total	DCC - Finance	DCC - Finance Total	DCC - Highways & Environmental Services	DCC - Highways & Environmental Services Total	DCC - Planning and Public Protection		DCC - Planning and Public Protection Total
	FCC - Corporate & Central Finance	FCC - Governance		FCC - Social Services		FCC - Planning & Environment		FCC - Corporate & Central Finance		FCC - Planning & Environment		FCC - Community & Enterprise		
Details of Procurement														
3rd Sector Contracts Framework /DPS				1	1									1
Accelerated Payment Facility								1	1					1
Concrete, Tarmac + Stone										1	1			1
Confidential Waste		1	1											1
Environmental Crime												1	1	1
Interpretation & Translation				1	1									1
Janitorial and Cleaning Materials						1	1							1
Joint approach to take forward Local Supplier Development and Community Benefits Implementation	1		1											1
Specialist Surface Treatment (highways)										1	1			1
Third Sector Procurement Taster Sessions				1	1									1
Grand Total	1	1	2	3	3	1	1	1	1	2	2	1	1	10

Status	Date Change of 'Status'	If 'Status' change is 'Missed Opportunity' State Reason	Status Additional Comments	Details of Procurement	Parties	Other Sub Regional Party Not Previously Specified (Please State)	Start Date	End Date	Estimated Value	DCC Service Area	FCC Service Area	Service Contact	Primary Procurement Contact	Comment
Potential		Select Reason Category		Confidential Waste	DCC & FCC	N/A			-	DCC - Business Improvement and Modernisation	FCC - Governance		Lisa Price	
Potential		Select Reason Category		Framework for Children & Young People's residential services	6 N.Wales Authorities	Health Board			-	DCC - Community Support Services	Please select FCC Service Area	John Williams (DCC)	Simon Beech	
Potential		Select Reason Category		3rd Sector Contracts Framework /DPS	DCC & FCC	N/A			-	DCC - Community Support Services	FCC - Social Services	Dawn Holt FCC Alison Heaton DCC	Simon Beech	
Potential		Select Reason Category		Joint approach to take forward Local Supplier Development and Community Benefits Implementation	DCC & FCC	N/A			-	DCC - Business Improvement and Modernisation	FCC - Corporate & Central Finance	Mike Horrocks (DCC), Niall Waller (FCC), Melanie Evans (DCC)	Arwel Staples	
Potential		Select Reason Category		Specialist Surface Treatment (highways)	DCC & FCC	N/A			-	DCC - Highways & Environmental Services	FCC - Planning & Environment	Dave Acton (FCC), Mark Evans (DCC)	Helen Sutton	
Potential		Select Reason Category		Concrete, Tarmac + Stone	DCC & FCC	N/A			-	DCC - Highways & Environmental Services	FCC - Planning & Environment	Dave Acton (FCC), Mark Evans (DCC)	Helen Sutton	
Potential		Select Reason Category		Traffic Management Services Framework Agreement in North East Wales .	6 N.Wales Authorities	N/A	01/11/18	31/10/22	2,000,000	DCC - Highways & Environmental Services	Please select FCC Service Area	Mark Evans (DCC)	Helen Sutton	
Potential		Select Reason Category		Highways & Civil Engineering Contractor Framework	6 N.Wales Authorities	N/A	01/11/18	31/10/22	4,500,000	DCC - Highways & Environmental Services	Please select FCC Service Area	Mark Evans (DCC)	Helen Sutton	
Potential		Select Reason Category		Janitorial and Cleaning Materials	DCC & FCC	N/A	01/04/18	31/03/21	-	DCC - Facilities, Assets and Housing	FCC - Planning & Environment	Steve Jones (FCC), Ian Kemp (DCC)	Andy Argyle	
Potential		Select Reason Category		Environmental Crime	DCC & FCC	N/A	01/04/18	31/03/21	-	DCC - Planning and Public Protection	FCC - Community & Enterprise	Emlyn Jones (DCC), Barry Wilkinson (FCC)	Andy Argyle	
Potential		Select Reason Category		Accelerated Payment Facility	DCC & FCC	N/A	01/09/18	31/08/23	-	DCC - Finance	FCC - Corporate & Central Finance	Gareth Owens (FCC), Rhys Lloyd Jones (DCC)	Arwel Staples	
Potential		Select Reason Category		External advertising	DCC & FCC	N/A			-	Please select DCC Service Area	Please select FCC Service Area		Please Select	
Potential		Select Reason Category		Photography	DCC & FCC	N/A			-	Please select DCC Service Area	Please select FCC Service Area		Please Select	
Actual		Select Reason Category		Multifunctional Devices	FCC	N/A	01/04/18		-	DCC - Business Improvement and Modernisation	FCC - Governance	Robert Chapman (FCC) / Jane Griffiths (DCC)	Lisa Price	Contract in Place for Flintshire
Actual	02/04/19	Select Reason Category		Postal Services	DCC & FCC	N/A	01/06/19		-	DCC - Business Improvement and Modernisation	FCC - Governance	Dai Roberts (FCC) / Kelly Waterfield (DCC)	Lisa Price	
Actual		Select Reason Category		Datacentre	DCC, FCC & Other Sub Regional	Anglesey	01/11/19	31/10/23	8,000,000	DCC - Business Improvement and Modernisation	FCC - Governance	Dai Roberts (FCC) / Markeus Woodworth (DCC) / John Thomas (AC)	Lisa Price	Contract in Place
Missed Opportunity	02/04/19	Specification/Requirement Differences		PSN Healthchecks	DCC & FCC	N/A			88,000	DCC - Business Improvement and Modernisation	FCC - Governance	Markeus Woodworth (DCC) / Aled Griffiths (FCC)	Lisa Price	
Actual	01/02/18	Select Reason Category		Print, Graphic Design & Banners	DCC & FCC	N/A	01/02/18	31/01/20	700,000	DCC - Customers, Communications and Marketing	FCC - Corporate & Central Finance	Judith Stringfellow (FCC) & Cheryl Evans (DCC)	Mike White	Contract in Place
Actual	01/08/18	Select Reason Category		Provision of Agency Workers	DCC & FCC	N/A	01/08/18	31/07/18	11,750,000	DCC - Legal, HR and Democratic Services	FCC - People & Resources	Catrin Roberts (DCC), Sharon Carney (FCC)	Mike White	
Actual		Select Reason Category		North Wales Domiciliary Care Agreement (Phase 1: Standard domiciliary care for adults)	6 N.Wales Authorities	BCU Health Board	01/04/18	31/03/25	210,000,000	DCC - Community Support Services	Not Applicable	Maria Bell (DCC)	Simon Beech	Contract in Place
Potential		Select Reason Category		Third Sector Procurement Taster Sessions	DCC & FCC	N/A	07/12/17	31/01/18	-	DCC - Community Support Services	FCC - Social Services	Dawn Holt (FCC), Katie Newe (DCC), Karen Armstrong (FCC)	Arwel Staples	
Actual		Select Reason Category		Roadmarkings and Roadstuds Contract 2018-2022	DCC & FCC	N/A	01/01/19	31/12/24	975,000	DCC - Highways & Environmental Services	FCC - Planning & Environment	Mark Evans (DCC) Steve Parry (FCC)	Helen Sutton	Contract being finalised Feb 2019
Actual	03/01/19	Select Reason Category		DBS e-Bulk	DCC & FCC	N/A	03/01/19	02/01/22	440,000	DCC - Legal, HR and Democratic Services	FCC - People & Resources	John Griffiths (FCC) & Emma Saffhill (DCC)	Mike White	Contract in Place
Actual	02/04/19	Select Reason Category		Visitor Appraisal Study	DCC & FCC	N/A	26/07/18	31/12/19	30,000	DCC - Highways & Environmental Services	Please select FCC Service Area	David Shiel (DCC)	Mike White	
Actual	01/09/18	Select Reason Category		Inspection of School Gymnasium & Playground Equipment	DCC, FCC & Other Sub Regional	WCBC	01/09/18	31/08/22	100,000	DCC - Education and Childrens Services	FCC - Education	Joe Griffiths (DCC) Paula Vogt (FCC) Amanda Slawson (WCBC) Rachel Sanders (WCBC Procurement)	Mike White	Contract in Place
Missed Opportunity	02/04/19	Specification/Requirement Differences		ICT Desktop Consumables	DCC & FCC	N/A			-	DCC - Business Improvement and Modernisation	FCC - Corporate & Central Finance	Jane Griffiths (DCC) Robert Chapman (FCC)	Lisa Price	
Actual		Select Reason Category		Asbestos Removal	DCC, FCC & Other Sub Regional	WCBC	17/12/18	16/12/20	1,700,000	DCC - Facilities, Assets and Housing	FCC - Planning & Environment	Mark Williams (DCC), Jon Jones (FCC)	Andy Argyle	Contract in Place
Actual		Select Reason Category		Dom Care Phase 2 Supported Living	6 N.Wales Authorities	N/A			-	Not Applicable	FCC - Social Services	Nicki Kenealy (FCC)	Simon Beech	
Missed Opportunity		Select Reason Category		Weed Spraying	Please Select				-	DCC - Highways & Environmental Services	Please select FCC Service Area	Mark Evans (DCC)	Helen Sutton	

FCC Service		
Please select FCC Service Area	Parties	Primary Procurement Contact
Not Applicable	Please Select	Please Select
FCC - Capita	DCC	Andy Argyle
FCC - Chief Execs	FCC	Arwel Staples
FCC - Community & Enterprise	DCC & FCC	Dee Joyce
FCC - Corporate & Central Finance	6 N.Wales Authorities	Helen Sutton
FCC - Education	DCC, FCC & Other Sub Regional	Lee Evans
FCC - Governance	DCC & Other Sub Regional	Lisa Price
FCC - Organisational Change 1 (authority ref prefix D)	FCC & Other SubRegional	Mike White
FCC - Organisational Change 2		Simon Beech
FCC - People & Resources		
FCC - Planning & Environment		
FCC - Social Services		
FCC - Streetscene & Transportation		
FCC - Theatre Clwyd		
FCC - Youth		

Simon Beech
 Simon Beech / Arwel Staples
 Arwel Staples
 Helen Sutton
 Andy Argyle
 Lisa Price
 Mike White

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Procurement Efficiency Savings Measurement and Tracking

A note on Cashable Budgeted Savings

Efficiency savings will only be actually realised when there is an actual reduction in the budget. There will be scope for budget reduction in respect to Revenue Budgets. However, efficiency savings in relation to capital, Housing Revenue Account (HRA) and grant funding budgets will result in an opportunity to “buy more” for the funding and not necessarily a budget reduction opportunity.

Cash Releasing Benefits

Type 1: Recurring Procurement Projects

Baseline Price (BP) x Forecast Volume (FV) – New Price (NP) x Forecast Volume = Saving

Example: Purchase of light bulbs

$£1$ (BP of a light bulb) x 1,000 (FV) x $£0.90$ (NP) x 1,000 (FV) = $£100$ (saving)

In the event that the forecast volume cannot be quantified or is not known then an alternative calculation method can be used in respect to annualised total spend.

(Baseline Price (BP) – New Price (NP)) / Baseline Price x 100 = % saving multiplied by Annual Total Spend

Example: Purchase of light bulbs with annual spend of £50,000, Baseline Price of £1 & New Price of £0.90.

$(£1 - £0.90) / £1 \times 100 = 10\%$ saving multiplied by $£50,000 = £5,000$ (saving)

Type 2: One-Off or new Procurement Projects (or where no baseline exists)

With regard to one off procurement projects which are non-recurring then benchmarking of unit cost prices is not an option.

For one-off projects or where no baseline exists then cash releasing savings shall be calculated using:

Estimated Budget – Actual Tender Price = Actual Cashable Saving.

Example: Purchase of ICT software with estimated budget of £50,000 and Actual Tender Award Price of £40,000.

$£50,000 - £40,000 = £10,000$ Saving.

This efficiency methodology can only be **recognised when the following conditions below are met:**

- External evidence supports that the price paid is below normal market price
- The Service Commissioner agrees to sign off stating that the goods, services or works obtained is below what the customer would normally have paid for the contract.
- There is confidence that the estimated budget has been calculated in a robust and accurate manner and this can be demonstrated.

Type 3: Negotiated Savings on existing contracts

If the Council has an existing contract in place, but through a negotiation process better rates are obtained resulting in the Council paying less than they were contractually obliged to pay then the savings calculations in the Type 1 examples can be utilised.

Type 4: Outsourcing or Insourcing of a Service

With respect to outsourcing or insourcing of a previous service or process that results in verifiable net cost reductions to the Council. All costs of transition have to be included in the baseline to arrive at the saving.

Type 5: Volume based discounts and retrospective rebates

In some contracts the supplier will have agreed to volume based discounts or annual retrospective rebates based on spend throughput. In this scenario then cash releasing savings shall be calculated using:

% Volume of rebate or discount offered multiplied by the Value of Total Annual Spend or Value of individual transaction

Example: XYZ Supplier has agreed to pay an additional retrospective rebate of 1% of actual annual spend in the event that the contracted annual spend exceeds £75,000. In this example annual spend was £100,000.

1% x £100,000 = £1,000 (saving)

Non-Cashable Savings -Cost Avoidance

Type 1: Demand Management. (Eliminating spend)

The most common ways being used to deliver Demand Management are:-

- **Reduce Consumption.** An obvious though seldom asked question: “Do we really need this?” Good examples are forbidding buying new office furniture when surplus office furniture is already available and the reduction of travel by deployment of video conferencing.
- **Improvement of Specification** Using stationery as an example rather than buy a leading branded ballpoint pen will a generic pen do the job just as well. Challenging the specification in these ways will reduce the cost to serve.

A typical calculation of a Demand Management Savings is Calculated as (Price x old volume) – (Price x new volume = saving

Type 2: Avoid Inflation / Market price Increases

This is defined as a negotiated price that is NOT lower than price previously paid but avoids a general price increase e.g. countering the effects of inflation or general price increases

A typical Cost Avoidance example would be the amount by which a supplier's price increase request is reduced For example a supplier requests a 5% price increase, which is challenged. This increase may

either not be allowed or reduced to a lower percentage increase. In both cases the potential cost increase should be calculated and recorded as a cost avoidance non cash releasing saving.

Cost avoidance refers to reductions that cause future spending to fall, but *not* below the level of current spending.

Example: ABC Supplier of vehicle tyres has requested a mid-contract price increase of 5% due to the price of oil increasing manufacturing costs. Following a negotiation process with the buyer the supplier agrees to a 3% price increase. The total contract value for tyres is £100,000.

Cost Avoidance = 2% x £100,000 = £2,000 (non-cash releasing saving)

Type 3: Process improvement efficiencies (Collaborative Tender Arrangements)

A typical Cost Avoidance example would be from use of Collaborative Arrangements. This process saving is designed to reflect the avoidance of having to do a full tender exercise at the time of the renewal of an existing arrangement or the creation of a new one.

These types of savings should be claimed in the year that the new collaborative arrangement is first used. These are notional calculated costs only

Claim £3,000 of non-cash releasing saving per collaborative agreement for contract value up to £25,000 (Welsh Government / Value Wales)

Claim £6,000 of non-cash releasing saving per collaborative agreement for contract value over £25,000 up to OJEU Threshold (Welsh Government / Value Wales)

Claim £45,000 of non-cash releasing saving per collaborative agreement for contract values over the OJEU Threshold

(CIPS - Supply Management (August 2013) carried out by CEBR (Centre for Economic & Business Research)

Reporting, Time Periods & Frequency

Annualised Savings are calculated taking a full 12 month effect of the saving from the date in which the saving can be enabled regardless of any cross over between financial years. If an annualised saving was enabled for implementation from 1st September 2017, the in-year eligible saving will be calculated from 1st September 2017 until 31st March 2018. Carry over Savings are calculated using the remainder of the savings enabled for implementation from the previous financial year where the full 12 month effect had not yet been realised. Therefore the remainder of the savings will be attributable to the following financial year i.e. using the example above a 5 month carry over savings will be recognised and contribute towards the in year savings guarantee and forecast for 2018-2019

Reporting and Monitoring of Procurement Efficiency Savings

The reporting and monitoring of procurement efficiency savings will be reported to the following:

- Joint Management Procurement Board
- DCC & FCC Finance Officers
- DCC Budget Board
- CROSP Scrutiny Group (FCC) every 6 months
- Performance Scrutiny Group (DCC) every 12 months

In the event that savings calculations cannot be quantified for individual projects then this will be escalated by the Procurement Business Partner to the Joint Management Procurement Board in the first instance for a resolution.

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DCC Spend by Service 18/19

Service Area	Total Spend (18/19)	Revised Value (18/19)
Education & Children's Services	£33,915,396	34,318,672
Community Support & Social Services	£33,271,276	33,338,749
Facilities, Assets and Housing	£17,049,704	17,915,569
Highways & Environment	£14,704,938	20,391,954
Planning & Public Protection	£13,659,895	16,844,764
Central Svc's Holding Account	£2,035,057	2,272,761
Business Improvement & Modernisation	£1,831,674	1,831,859
Contract Svc's Holding Account	£1,180,509	1,180,509
Customers, Communication & Marketing	£1,012,222	1,012,235
Finance	£732,327	749,708
Corporate & Misc	£582,072	584,277
Legal, HR & Democratic Services	£391,262	391,345
Technic Svc's Holding Account	£370,884	1,028,704
TOTAL	£120,737,216	131,861,104

TOTAL UNASSIGNED TO DEPT**£11,123,888****Data File Pivot Values**

Service Area	Total Spend (18/19)	
SCHOOLS	28,619,386	Education & Children's Services
EDUCATION AND CHILDRENS SERVICES	4,616,107	Education & Children's Services
HOLDING ACCTS. - EDUCATION	1,083,178	Education & Children's Services
COMMUNITY SUPPORT SERVICES	31,292,197	Community Support & Social Services
HOLDING ACCTS. - SOCIAL SERV	2,046,552	Community Support & Social Services
FACILITIES, ASSETS AND HOUSING	8,330,193	Facilities, Assets and Housing
HOUSING REVENUE ACCOUNT	9,585,376	Facilities, Assets and Housing
HIGHWAYS & ENVIRONMENT	13,702,715	Highways & Environment
HOLDING ACCOUNTS - HIGHWAYS	6,689,239	Highways & Environment
HOLDING ACCTS. - CENTRAL SERV	799,865	Central Svc's Holding Account
CENTRAL SERVICE HOLDING ACCTS.	1,472,896	Central Svc's Holding Account
PLANNING & PUBLIC PROTECTION	16,485,500	Planning & Public Protection
HOLDING ACCTS. - PLANNING & ED	359,264	Planning & Public Protection
BUSINESS IMPROVEMENT AND MODERNISATION	1,831,859	Business Improvement & Modernisation
CONTRACT SERV HOLDING ACCTS.	1,180,509	Contract Svc's Holding Account
CUSTOMERS, COMMUNICATIONS AND MARKETING	1,012,235	Customers, Communication & Marketing
FINANCE	749,708	Finance
CORPORATE & MISCELLANEOUS	584,277	Corporate & Misc
LEGAL, HR & DEMOCRATIC SERVICES	391,345	Legal, HR & Democratic Services
TECNHIC. SER. HOLDING ACCTS.	1,028,704	Technic Svc's Holding Account
Grand Total	131,861,104	

FCC Spend by Service 18/19

Service Area	Total Spend (18/19)	Revised Spend (18/19)
Arts & Leisure	£663,482	£663,482
Aura	£658,244	£658,244
Capital	£12,436,245	£13,316,176
Catering	£6,182,031	£6,182,031
Cemetery & Crem	£1,050	£1,051
Chief Exec	£328,374	£328,374
Cleaning & Janitorial	£26,722	£507,067
Clothing	£283,091	£283,091
Committee Funding	£29,673	£29,673
Community & Enterprise	£1,717,175	£1,717,176
Construction	£45,656,795	£45,656,795
Consultancy	£897,808	£897,808
Corporate & Finance	£3,462,933	£3,462,934
Domestic Goods	£46,281	£46,281
Education	£9,833,711	£9,833,711
Environmental Services	£2,350,940	£2,350,941
Facilities & Management Services	£9,810,913	£9,810,913
Furniture	£468,052	£468,053
Governance	£865,627	£865,627
Healthcare	£1,351,164	£1,351,164
Health & Safety	£102,727	£102,783
Highways, Streetscene & Transportation	£20,786,898	£20,891,602
Horticulture	£461,626	£461,932
Housing	£2,249,617	£2,249,617
HR	£13,985,168	£13,985,168
ICT	£4,554,979	£4,554,980
Legal Services	£679,910	£679,910
Mail Services	£293,126	£293,855
Organisational Change (1&2)	£3,286,185	£3,286,186
People & Resources	£85,435	£86,331
Planning & Environment	£338,274	£339,008
Residual Waste Partnership	£2,978	£2,978
Social Services & Community Care	£12,177,118	£42,838,147
Sports & Play Equipment	£381,693	£381,693
Stationery	£230,899	£232,326
Theatre Clwyd	£460,760	£460,760
Utilities	£2,965,811	£2,965,811
Vehicle Management	£2,970,457	£2,970,458
Youth	£2,499,942	£2,499,943
TOTAL	£165,583,914	£197,714,081

TOTAL UNASSIGNED TO DEPT
£32,130,167
Data File Pivot Values

Service Area	Total
Arts & Leisure Services	663,482
AURO	658,244
Capital	13,316,176
Catering	6,182,031
Cemetery & Crematorium	1,015
Cemetery & Crematorium	36
Chief Exec	23,736
Chief Execs	304,638
Cleaning & Janitorial	507,067
Clothing	283,091
Committee Funding	29,673
Community & Enterprise	1,717,176
Construction	33,869,957
Construction Materials	11,786,838
Consultancy	762,270
Consultancy	135,538
Corporate & Central Finance	152,380
Domestic Goods	46,281
Education	9,833,711
Environmental Services	2,350,941
Facilities & Management Services	9,810,913
Finance	2,265
Financial Services	3,308,289
Furniture & Soft Furnishings	468,053
Governance	865,627
Health & Safety	102,783
Healthcare	1,351,164
Highway Equipment & Materials	930,931
Highway Equipment & Materials	235,848
Horticultural	461,932
Housing Management	1,057,169
Housing Revenue	1,192,448
Human Resources	13,985,168
Information Communication Technology	4,554,980
Legal Services	679,910
Mail Services	293,855
Organisational Change 1 (authority ref pref	2,008,278
Organisational Change 2	1,277,908
People & Resources	86,331
Planning & Environment	339,008
Public Transport	11,269,638
Residual Waste Partnership	2,978
Social Community Care	30,642,526
Social Services	12,195,621
Sports & Playground Equipment & Mainten	381,693
Stationery	148,296
Stationery	84,030
Street & Traffic Management	743,003
Streetscene & Transportation	6,831,135
Streetscene & Transportation	881,047
Theatre Clwyd	460,760
Utilities	2,208,911
Utilities	756,900
Vehicle Management	2,970,458
Youth	2,499,943
Grand Total	197,714,081

Procurement AMENDED Forecast 2019-20

0913	RELOCATION TRAVELLING	300
0918	N.I. ON RELOCATION EXPENSES	35
091A	APPRENTICESHIP LEVY	2
	COURSE TUITION FEES	1,700
0927	TRAINING - TRAVELLING EXP	175
0947	EMPLOYEES PROFESSIONAL FEES	1,000
094R	OTHER EMPLOYE RECHARGES	460
0191	ADMIN. STAFF - BASIC PAY	432,403
2814	CASUAL USERS - MILEAGE	3,500
2911	USE OF PUBLIC TRANSPORT	200
3051	FURNITURE - PURCHASE	250
3071	GEN. EQUIP. - PURCHASE	0
3075	GEN. EQUIP. - SERVICE AGREE'TS	120
3936	MFD COSTS - FIXED	300
3937	MFD COSTS - VARIABLE	160
3981	COMPUTER - PURCHSE OF HARDWARE	185
4037	MOBILES	800
411R	PUBLIC LIABILITY INS RECHARGE	1,808
4512	SHREDDING	55
	TOTAL	443,453

Flintshire Contribution 55%	243,899
Denbighshire Contribution - 45%	199,554

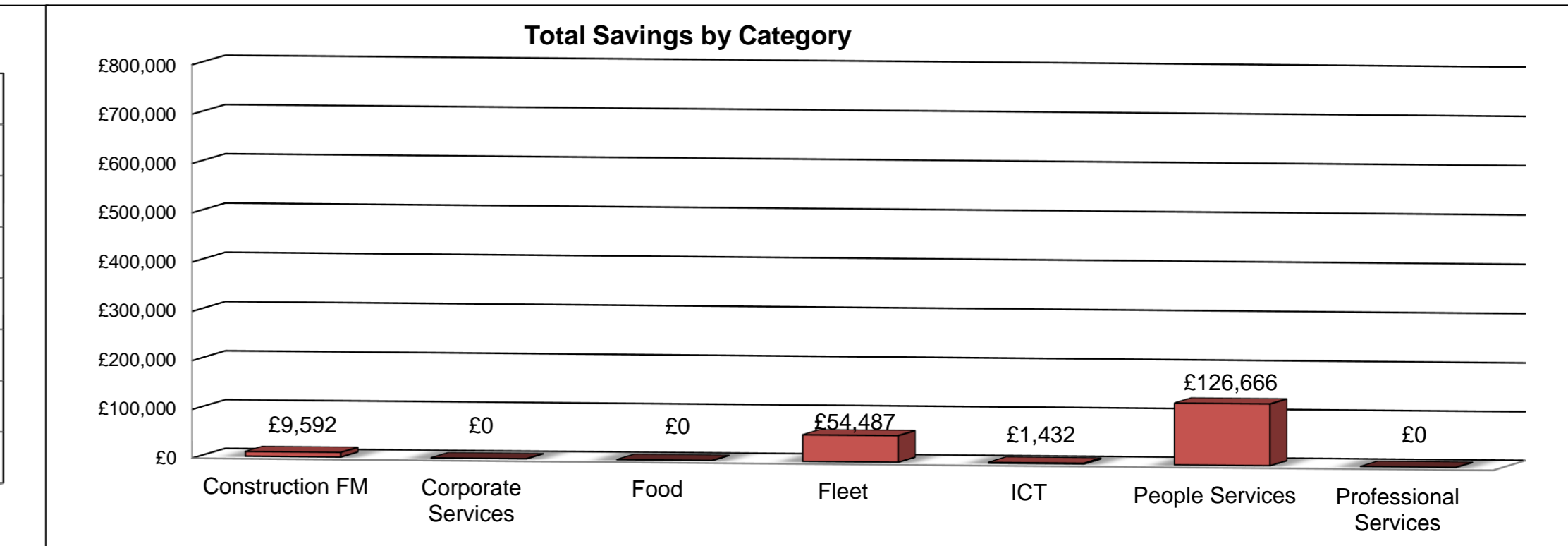
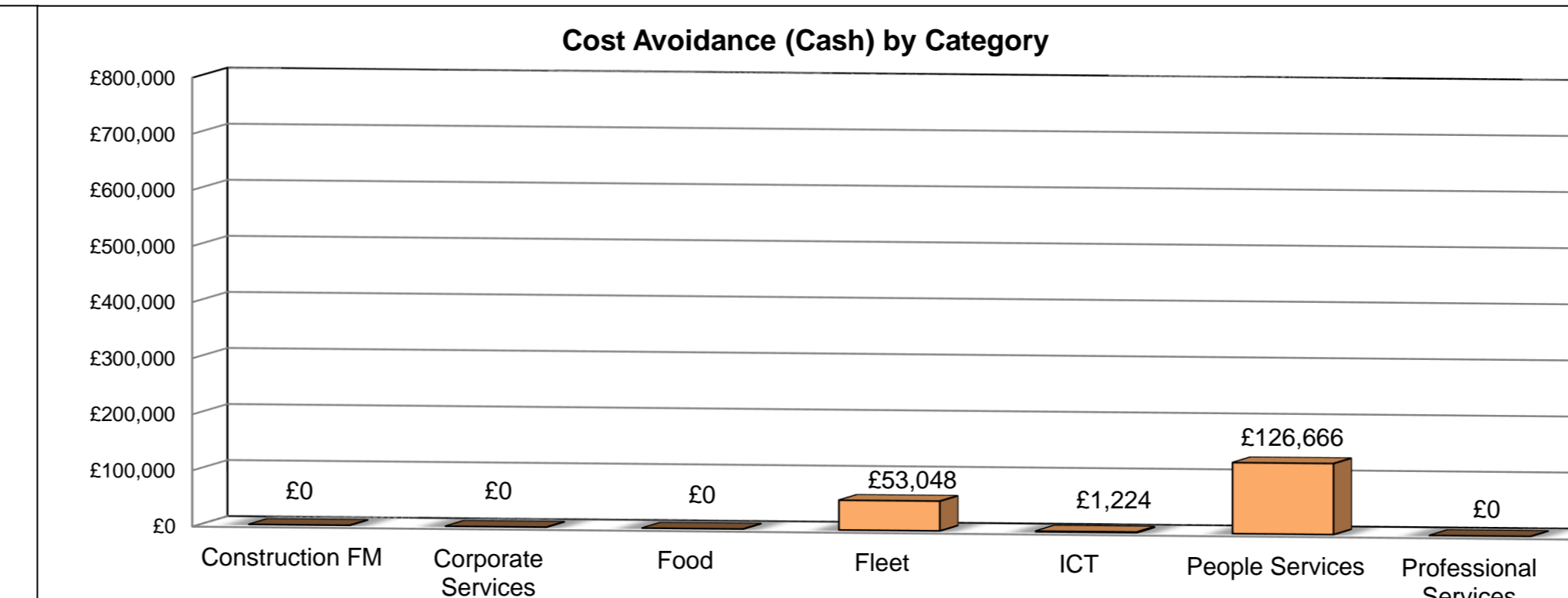
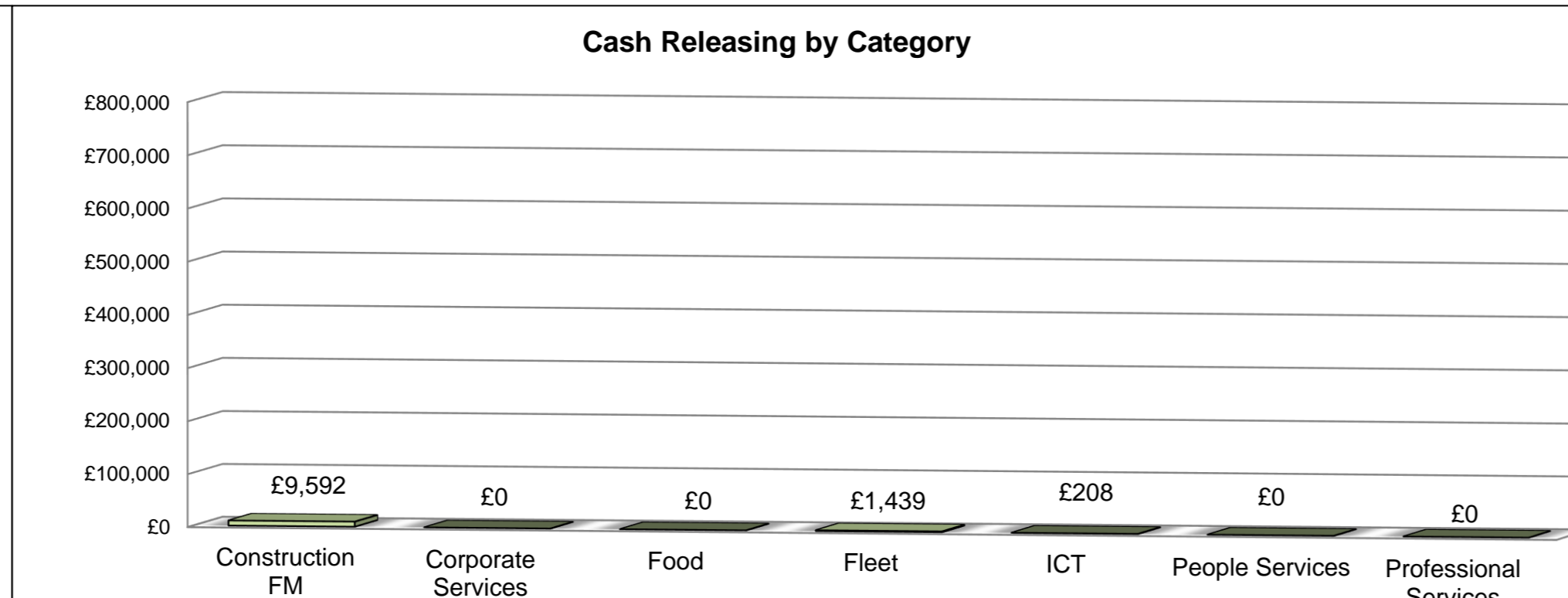
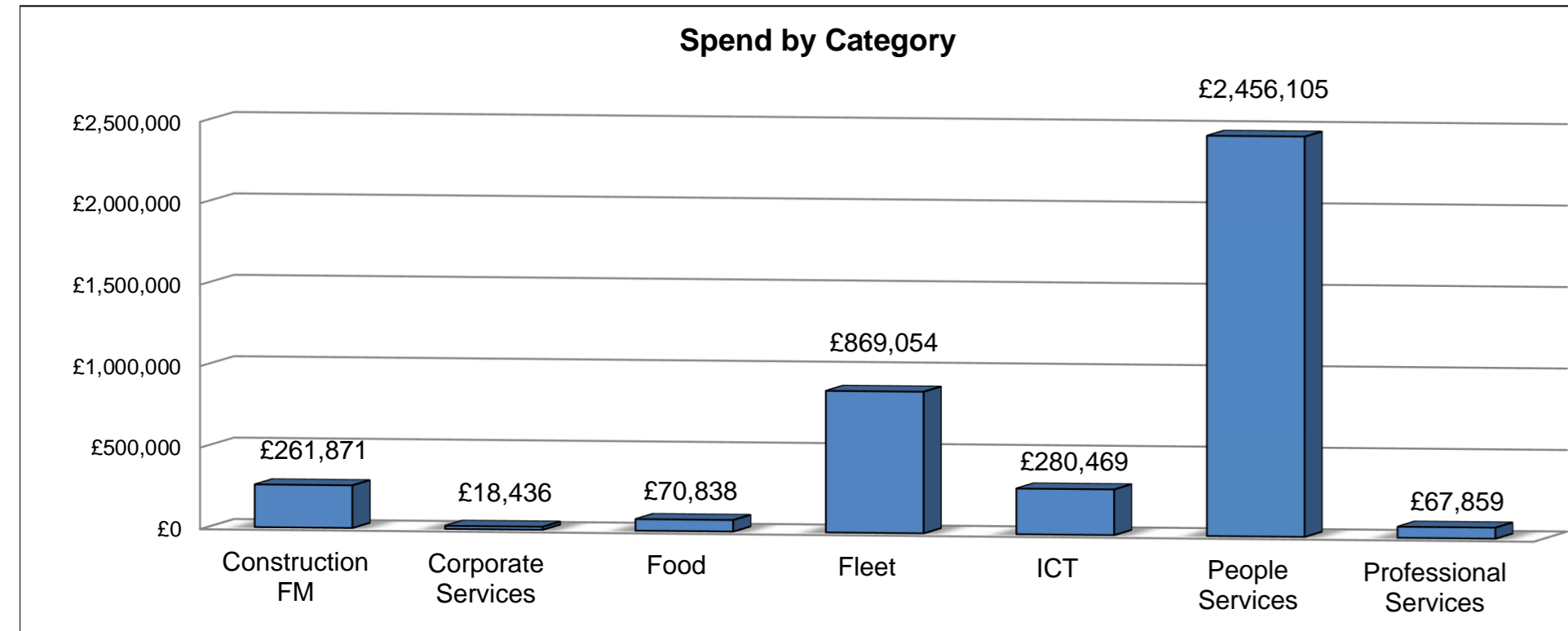
Matrix recharge FCC	16,400
	260,299

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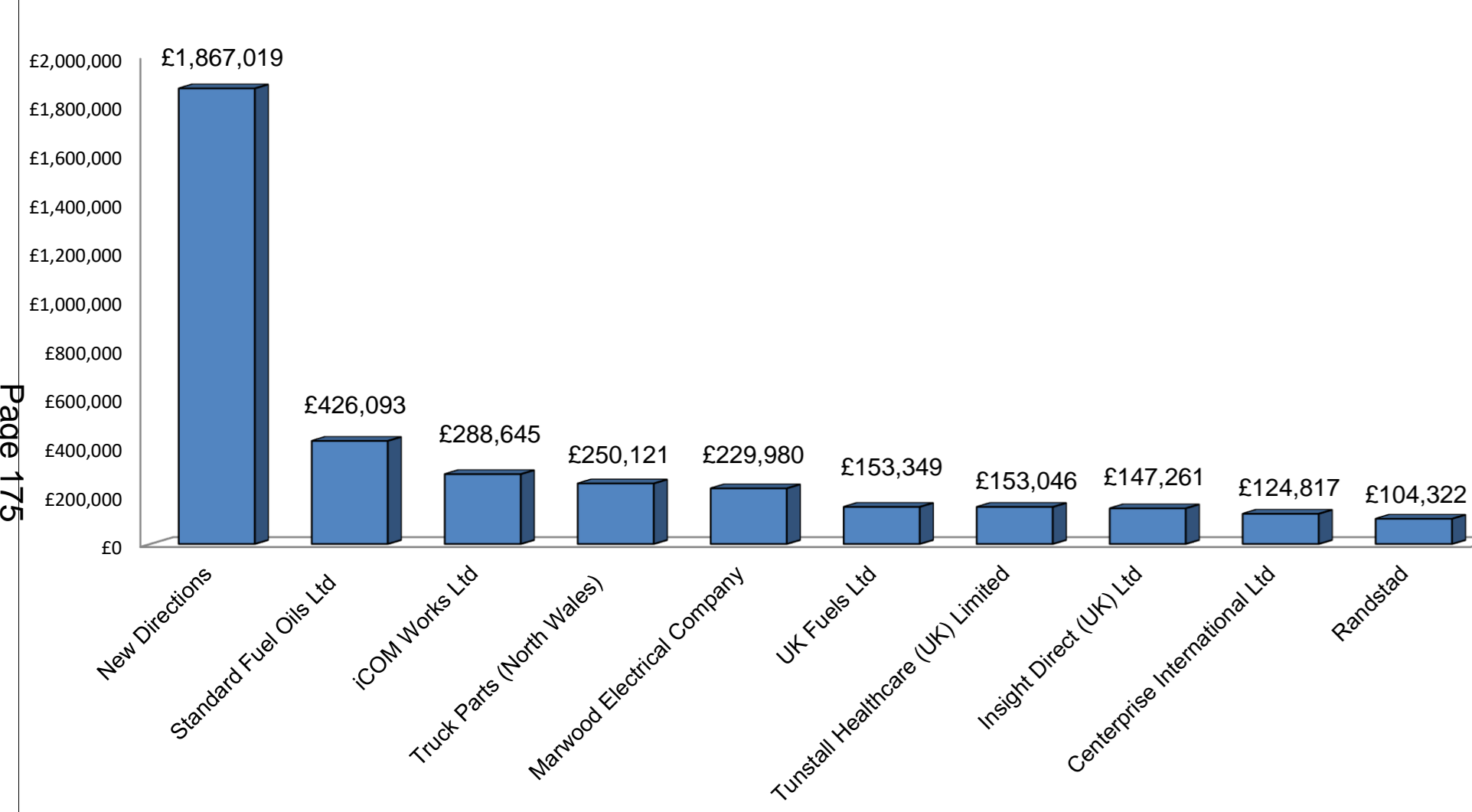
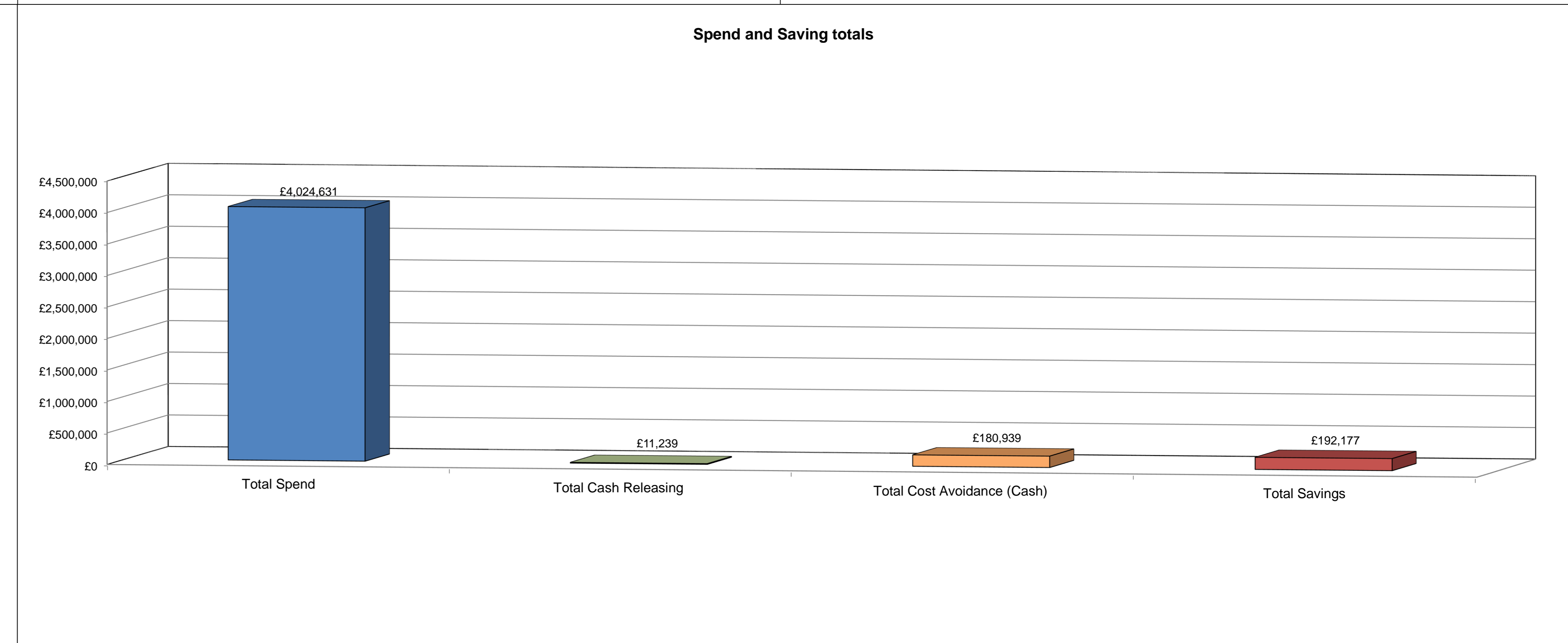
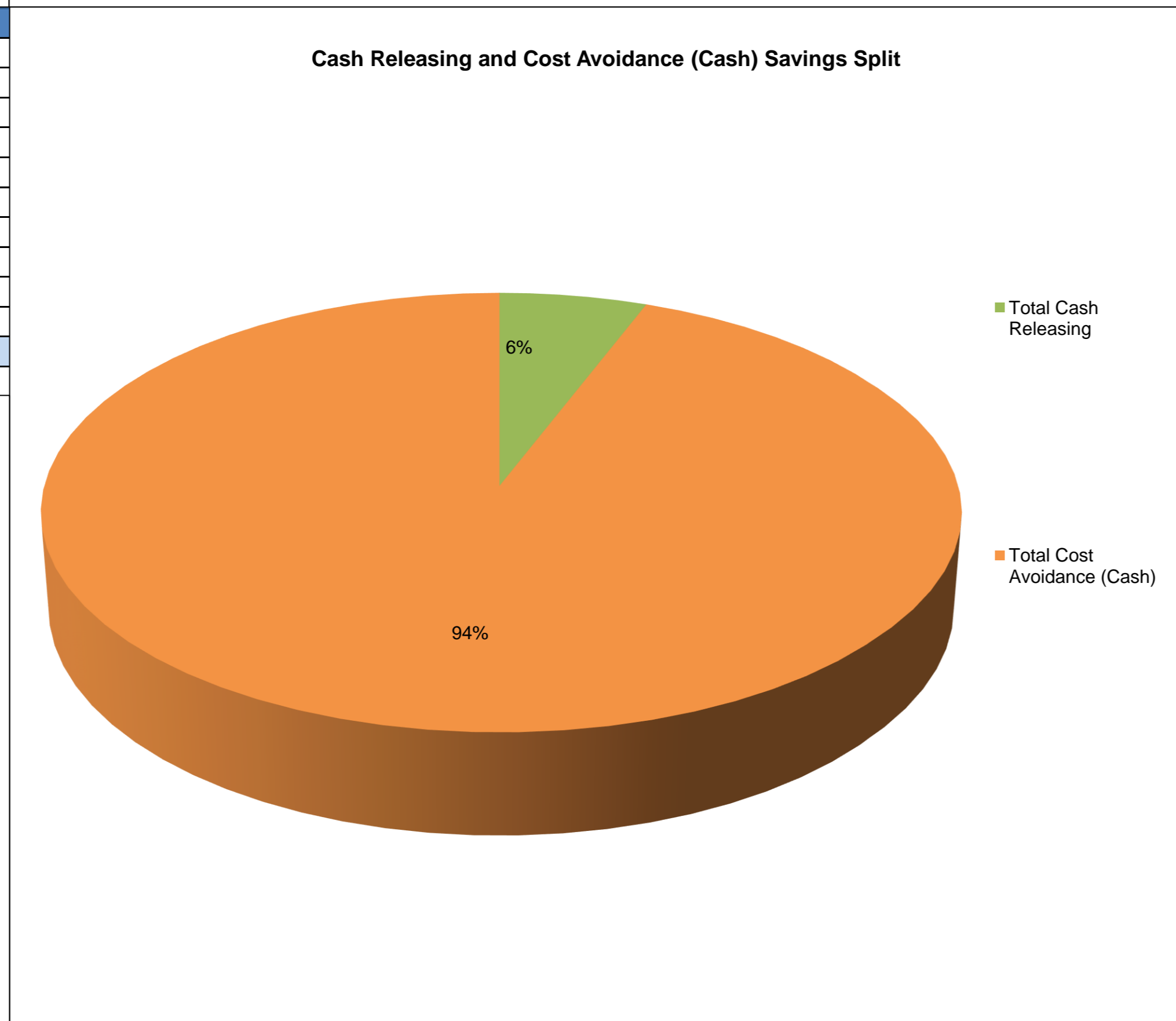
• All Spend/Savings figures are driven by the supplier MI process and may be subject to change, if further spend information for previous months is included in future submissions. Where this is the case, these figures have been updated retrospectively.
 • Please contact NPSBusinessIntelligence@gov.wales if you have any questions or if we can be of any further assistance on your report.

Denbighshire County Council and Denbighshire Schools -
 (April 2018 - March 2019 Data)
 (Collaborative/On Boarded Framework Agreements including School Spend)

Total savings as a percentage of spend = 4.78%



Supplier	Sum of Total Spend
New Directions	£1,867,019
Standard Fuel Oils Ltd	£426,093
iCOM Works Ltd	£288,645
Truck Parts (North Wales)	£250,121
Marwood Electrical Company	£229,980
UK Fuels Ltd	£153,349
Tunstall Healthcare (UK) Limited	£153,046
Insight Direct (UK) Ltd	£147,261
Centerprise International Ltd	£124,817
Randstad	£104,322
Grand Total	£3,744,652



Category	Contract/Framework	Denbighshire County Council				Denbighshire Schools				Total Spend	Total Cash Releasing	Total Cost Avoidance (Cash)	Total Savings
		Spend	Cash Releasing	Cost Avoidance (Cash)	Savings	Spend	Cash Releasing	Cost Avoidance (Cash)	Savings				
Construction FM & Utilities	Furniture	£0	£0	£0	£0	£7,052	£0	£0	£0	£7,052	£0	£0	£0
	NPS Electrical Heating Plumbing and Associated Materials	£500	£0	£0	£0	£0	£0	£0	£0	£500	£0	£0	£0
	Cleaning and Janitorial Materials	£780	£0	£0	£0	£0	£0	£0	£0	£780	£0	£0	£0
	Hand Tools and Small Electrical Equipment	£36	£0	£0	£0	£0	£0	£0	£0	£36	£0	£0	£0
	Highway Lighting Materials	£253,503	£9,592	£0	£9,592	£0	£0	£0	£0	£253,503	£9,592	£0	£9,592
Construction FM & Utilities Total		£254,819	£9,592	£0	£9,592	£7,052	£0	£0	£0	£261,871	£9,592	£0	£9,592
Corporate & Business Support Services	NPS Printing Services	£11,008	£0	£0	£0	£0	£0	£0	£0	£11,008	£0	£0	£0
	The Supply of PPE and Other Workwear	£6,331	£0	£0	£0	£1,096	£0	£0	£0	£7,428	£0	£0	£0
		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Corporate & Business Support Services Total		£17,339	£0	£0	£0	£1,096	£0	£0	£0	£18,436	£0	£0	£0
Fleet & Transport	Supply of Liquid Fuels	£429,392	£0	£18,513	£18,513	£0	£0	£0	£0	£429,392	£0	£18,513	£18,513
	Fuel Cards	£153,349	£0	£5,687	£5,687	£0	£0	£0	£0	£153,349	£0	£5,687	£5,687
	Vehicle Spares	£246,823	£0	£19,746	£19,746	£0	£0	£0	£0	£246,823	£0	£19,746	£19,746
	Vehicle Hire II	£39,491	£1,439	£9,103	£10,542	£0	£0	£0	£0	£39,491	£1,439	£9,103	£10,542
		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Fleet & Transport Total		£869,054	£1,439	£53,048	£54,487	£0	£0	£0	£0	£869,054	£1,439	£53,048	£54,487
Food	Fresh Food and Beverages	£0	£0	£0	£0	£70,838	£0	£0	£0	£70,838	£0	£0	£0
Food Total		£0	£0	£0	£0	£70,838	£0	£0	£0	£70,838	£0	£0	£0
ICT	IT Products and Services	£272,078	£0	£1,224	£1,224	£0	£0	£0	£0	£272,078	£0	£1,224	£1,224
	Structured Cabling Services	£5,027	£123	£0	£123	£830	£20	£0	£0	£5,857	£143	£0	£143
	Multi Functional Devices	£2,534	£64	£0	£64	£0	£0	£0	£0	£2,534	£64	£0	£64
ICT Total		£279,639	£187	£1,224	£1,412	£830	£20	£0	£20	£280,469	£208	£1,224	£1,432
People Services	NPS Managed Service For Agency Workers	£368,160	£0	£12,785	£12,785	£1,603,181	£0	£103,568	£103,568	£1,971,341	£0	£116,353	£116,353
	Assistive Technologies	£153,046	£0	£0	£0	£0	£0	£0	£0	£153,046	£0	£0	£0
	Waste Disposal Bags	£43,073	£0	£0	£0	£0	£0	£0	£0	£43,073	£0	£0	£0
	Provision of Employee Benefit Schemes	£288,645	£0	£10,313	£10,313	£0	£0	£0	£0	£288,645	£0	£10,313	£10,313
People Services Total		£852,924	£0	£23,098	£23,098	£1,603,181	£0	£103,568	£103,568	£2,456,105	£0	£126,666	£126,666
Professional Services	Construction Consultancy	£46,608	£0	£0	£0	£15,365	£0	£0	£0	£61,973	£0	£0	£0
	Construction Consultancy Phase 2	£637	£0	£0	£0	£0	£0	£0	£0	£637	£0	£0	£0
	Barristers and Solicitors Advocates	£5,250	£0	£0	£0	£0	£0	£0	£0	£5,250	£0	£0	£0
Professional Services Total		£52,494	£0	£0	£0	£15,365	£0	£0	£0	£67,859	£0	£0	£0
Grand Total		£2,326,269	£11,218	£77,370	£88,589	£1,698,362	£20	£103,568	£103,588	£4,024,631	£11,239	£180,939	£192,177



Joint Corporate Procurement Unit Follow up review

May
2019



Medium
Assurance

Purpose & Background Information

Our original review of the Joint Corporate Procurement Unit was completed in May 2018 giving a low assurance rating because of:

- A lack of documented progress being made against the primary objectives outlined in the business case for the creation of the Joint Corporate Procurement Unit (JCPU);
- The JCPU and Joint Procurement Board (JPB) identified weaknesses in governance arrangements:-
 - Insufficient scrutiny and monitoring;
 - Little reporting to the relevant Council committees to update members on progress towards the JCPU;
 - Delay in the procurement strategy across the two Councils;
 - Inadequate arrangements for measuring and reporting efficiency savings and performance;
- Concerns about the different corporate/procurement culture between the two organisations were evident.

Internal Audit carry out a follow up review of all audits that receive a low assurance rating and as well as any high or major risk issues. This provides assurance to management and those charged with governance that the agreed actions identified at our initial audit visit has been implemented, or suitable progress is being made to address the areas of concern. This enables us to reconsider the overall assurance opinion and provide an updated opinion where appropriate.

It should be noted that the updated opinion is based on the assumption that systems and controls as previously identified during the original audit remain in operation and are being complied with in practice. The purpose of our follow up exercise is not to retest the operation of controls which have already been assessed, but to review how management has responded to the action plans following our initial work.

Audit Opinion

The follow up review has confirmed the Procurement Team has made progress against the action plan and has addressed some of the risk issues identified during the original review. A number of the actions to address the risks issues have been implemented, which have strengthened the controls in place.

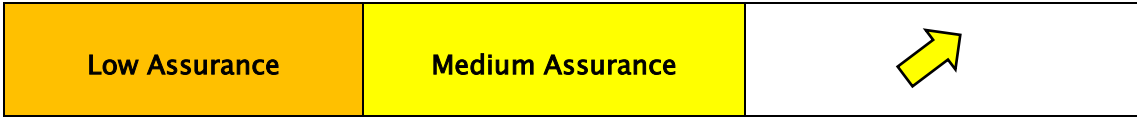
The Legal and Procurement Operations Manager completed a review of the Procurement Strategy in November 2018, but due to the limited availability of Senior Officers and little in the way of feedback, the re-draft of the Procurement Strategy was delayed until March 2019. Further amendments were then required by FCC relating to the adoption of the Ethical Code of Employment, and these amendments are still outstanding from FCC. The Legal and Procurement Operations Manager plans to finalise the Procurement Strategy by the end of June 2019 dependent upon receiving amendments from FCC. In addition, the Legal and Procurement Operations Manager is taking a report to DCC Cabinet in June 2019 relating to DCC adopting the Ethical Code of Employment, which may require some small amendments to the DCC revised Procurement Strategy. The Legal and Procurement Operations Manager anticipates that the strategy will be ready by the end of June 2019 to be issued for consultation across the Council.

The CET and SLT have agreed for the Legal and Procurement Operations Manager to attend a future meeting to present the Procurement Strategy.

The Legal and Procurement Operations Manager is currently gathering the information needed to produce the annual report for Cabinet, with the intention of presenting the report to both councils' cabinets in September 2019.

Overall, good progress has been made in addressing the risks issues identified during the original review. Once the Procurement Strategy is completed, this will address a number of the remaining issues. A further follow up will be carried out to review the progress made on the outstanding actions. Based on the progress made to date we are providing a 'Medium Assurance'.

Audit Opinion as at May 2018	Audit Opinion as at May 2019	Direction of Travel
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	<ul style="list-style-type: none"> Limited monitoring and evaluation of expenditure by category and aggregated spend (across services and/or Councils) by the JCPU to ensure opportunities for efficiency savings through collaborative procurement exercises are identified (1.7). <p>Due to limited availability of data, monitoring of contract end dates by the JCPU cannot take place to ensure opportunities for efficiency savings through collaborative procurement or alternative procurement models are appropriately explored (1.8).</p>		
Action (Ref)	Agreed Management Action	Responsibility & Deadline	Status
1.1	This will be addressed by the JPB having regular meetings and providing Corporate Governance/Audit and Scrutiny committee with regular updates together with an annual report being presented to Cabinet committees	Head of Legal, HR & Democratic Services DCC / Chief Officer (Governance) FCC	In Progress – Revised date 30/09/19
Follow Up Results	<p>The JPB now meet on a regular basis with a schedule of meetings arranged at the start of every financial year. We confirmed the Legal and Procurement Operations Manager provides reports to the Corporate Governance committee and Performance Scrutiny committee.</p> <p>However, the Legal and Procurement Operations Manager has yet to produce the annual report for cabinet. Currently, the Procurement Systems Officer and Data Analyst is compiling the data for the report and the Legal and Procurement Operations Manager is intending to present the reports to both DCC and FCC's cabinets in September 2019.</p>		
1.2	The procurement strategy will be updated during 2018/19 in accordance with the recommendations provided by the WGLA.	Legal and Procurement Operations Manager/DCC & FCC	In Progress – Revised date 31/12/19
Follow Up Results	<p>The Legal and Procurement Operations Manager has re-written the procurement strategy for both DCC and FCC. FCC requested that their strategy include the Ethical Code of Employment and DCC has since decided to include it too, so the strategy is being update. It has been agreed by both councils that, once both strategies have been completed and agreed by the JPB, they will then be presented to the appropriate cabinets.</p>		

1.3(i)	<p>To ensure the JPB are kept informed of all potential efficiency savings from collaborative procurement activities, the board will :</p> <ol style="list-style-type: none"> explore the possible systems available to measure efficiency savings; agree how they will capture and measure non-financial savings; ensure there is an appropriate system in place to measure collaborative efficiencies; the Legal and Procurement Operations Manager should provide a report detailing missed opportunity for collaboration to the JPB; and consider longer term contracts, which will reduce procurement cost. 	<p>Legal and Procurement Operations Manager DCC & FCC</p>	<p>Complete</p>
Follow Up Results	<p>A spreadsheet has been developed by the Procurement Team to record all potential efficiency savings carried out around collaborative procurement activities. The spreadsheet will also record missed opportunities. The Legal and Procurement Operations Manager has started taking the spreadsheet to the JPB meetings to provide them with an update. A savings methodology document has been drafted and agreed by both Councils. This explains how savings will be calculated/identified, and also sets out how savings will be reported and by whom. Services are resistant to longer term contracts, although this is encouraged by Procurement Business Partners.</p>		
1.3(ii)	<p>A review of Contract Procedure Rules relating to extensions, variations and direct awards to ensure markets are regularly tested and the most competitive price obtained.</p> <p>Staff to be reminded why extensions, variations and direct awards should only be taken up as a last alternative and should be for a minimum period of time while a tender is completed.</p>	<p>Legal and Procurement Operations Manager – DCC / FCC</p>	<p>In Progress – Revised date 30/09/19</p>
Follow Up Results	<p>The review of the contract procedure rules was completed in November 2018, but due to the diary constraints of the JPB members, a meeting has only taken place two weeks ago. A second meeting is planned for the 13th June 2019 to complete the review and then the Legal and Procurement Operations Manager is planning to complete the amendments to the</p>		

	document by the 26 th June 2019 for circulation to relevant Senior Officers. Once completed, it will take a further six to eight weeks to go through the consultation stage before being finalised and taken to Cabinet and Full Council.		
1.4	A review of the KPI's to be undertaken by the Legal & Procurement Operations Manager to ensure they are relevant and measurable. Once completed, the new KPI's will be approved by the JPB.	Legal and Procurement Operations Manager - DCC / FCC	Complete
Follow Up Results	The KPI's have been reviewed and approved by the JPB.		
1.5	The Legal & Procurement Operations Manager to consider the options available for a time recording system for staff to record time spent. A review of time spent working on Regional Procurement by DCC staff to be undertaken by the Legal & Procurement Operations Manager with consideration being given to recharging the individual local authorities.	Legal and Procurement Operations Manager - DCC / FCC	Complete
Follow Up Results	A spreadsheet with pivot tables has been designed for the recording of staff time on projects, which the team is now using. The information is being presented to the JPB to allow them to monitor time spent by the procurement team. The spreadsheet has seen a shift in the time spent by the Procurement team, with more time being spent working with DCC staff than FCC staff, and the Regional Procurement work has diminished.		
1.6	At the start of every year, the dates for the JPB will be entered into board members diaries and agendas and minutes provided prior to each meeting.	Legal and Procurement Operations Manager - DCC & FCC	Complete - ongoing
Follow Up Results	Dates for the forthcoming year are agreed by the JPB and entered into the relevant members / officers diaries. Since the Legal and Procurement Operations Manager came into post in August 2017, she has made sure an agenda is circulated prior to each meeting and minutes are typed up and circulated after each meeting.		

1.7	The JCPU will consider reports that show expenditure by category and aggregate spend by service/authority to identify off-contract spend and identify areas for collaboration.	CPU Business Partners - DCC / FCC Legal and Procurement Operations Manager - DCC / FCC	Complete
Follow Up Results	This role is currently being performed by the Procurement Business Partners, who identify contract spend, potential collaborative work and provide a report to the Legal and Procurement Operations Officer for discussion at the next planned JPB meeting. It was agreed this would be the best use of the JPB's time allowing them to look at why collaboration has not happened.		
1.8	In order for the JCPU to advise whether collaborative procurement can take place, the following information will be captured and held: f. the actual and potential collaborative procurements; g. details of any potential instances of collaboration which Services decline to take forward collaboratively; h. up to date information around contracts coming to an end across DCC/FCC in so far as the information is recorded on Proactis; and i. collaborative procurements with an approval made to the relevant Council//Service.	Legal and Procurement Operations Manager - DCC / FCC JPB - DCC / FCC	Complete
Follow Up Results	Procurement Business Partners review contracts due for renewal/award to establish if a collaborative contract can be completed. The Legal and Procurement Operations Manager will report the findings to the JPB along with other monitoring options for them to consider and feedback the outcome to the Procurement Business Partners.		

Risk Issue 2	Limited high level corporate and political buy-in to the delivery of the joint service resulting in lack of prominence of service objectives across the two Councils		
Underlying Weakness	<p>Shortfalls with procurement activity within services were identified and listed in the Procurement Strategy 2016. Despite a procurement transformation programme to coincide with the launch of the strategy (consisting promotion of the strategy and revised CPRs and training to staff within services on procurement), these issues remain. We have broken down this root cause to the following underlying weaknesses:</p> <ul style="list-style-type: none"> • Culture change (to ensure the achievement of service objectives detailed in the 2014 business case) is not driven by Senior Management and cascaded through the management structures within each Council. Lack of necessary leadership to gain buy-in and drive through the improvement required with procurement activity within services (2.1). • Uncertainty within services around the role of the Procurement team (2.2). Move from an advisory function to a more supporting role with greater focus on compliance with CPRs is a recent change and will require a culture change within both councils. • Limited consideration of the scope for collaborative procurement at the planning stage of procurement exercises (whether collaborative procurement between services within the same council or across the two councils) (2.3). • Inconsistent use of the Proactis corporate contract register by services. Lack of contract information is impeding the identification of areas in which collaborative procurement could deliver efficiencies (2.4). • Confidence around use of the Proactis system (including the contract management module) is limited within those services where procurement is not carried out on a regular basis (2.5). 		
Action (Ref)	Agreed Management Action	Responsibility & Deadline	Status
2.1	The JPB need to raise the profile of the JCPU in both Councils. Legal and Procurement Operations Manager and Head of Legal and Democratic Services and HR (at DCC) and Legal and Procurement Operations Manager and Chief Officer (Governance) (at	Officers of the JPB	In progress – Revised date of 31/12/19

	<p>FCC) to attend Senior Leadership Team /Corporate Leadership Team to discuss procurement and the need to collaborate.</p> <p>The JCPU to provide a procurement activity report for each Service Challenge (DCC) broken down to the individual services.</p>	<p>Chief Officers (FCC) / SLT and Middle Managers (DCC)</p> <p>Legal and Procurement Operations Manager</p>	
Follow Up Results	<p>The Legal and Procurement Operations Manager requested attendance at SLT/CLT in each Council in July 2018 to raise the profile of the Procurement team. The Legal and Procurement Operations Manager is due to attend the SLT/CLT at each authority once the Procurement strategy has been agreed, which should be approved by September 2019.</p> <p>The Legal and Procurement Operations Manager has contributed to each service's Service Challenge and provided a procurement activity report.</p>		
2.2	<p>CPU Business Partners will attend Service Senior Management Team meetings quarterly.</p> <p>The Legal and Procurement Operations Manager will attend Senior Leadership Team/Chief Officer Team six monthly.</p> <p>The Legal and Procurement Operations Manager will consider marketing options that are available at each of the Councils to promote the CPU.</p>	<p>Procurement Operations Manager - DCC / FCC</p>	<p>Complete in DCC. FCC still need to complete the marketing exercise. September 2019</p>
Follow Up Results	<p>The Procurement Business Partners now attend the Service Senior Management team meetings on a quarterly basis.</p> <p>The Legal and Procurement Operations Manager is due to attend a future SLT meetings once the Procurement Strategy has been approved.</p> <p>The Legal and Procurement Operations Manager has used available marketing options in DCC, but has not been able at FCC due to marketing staff not assisting her.</p>		
2.3	<p>The commissioning form will be amended to ask Services if they have considered collaborative procurement across DCC/FCC, and across internal services.</p>	<p>Legal and Procurement</p>	<p>Complete</p>

	<p>If a collaborative procurement is not considered, the reason should be recorded on the commissioning form.</p> <p>If, in the opinion of the CPU, a collaborative procurement is possible but is not being pursued, this is reported to JPB by the Legal and Procurement Operations Manager.</p>	Operations Manager - DCC / FCC	
Follow Up Results	This has been addressed by the introduction of a form that all staff need to complete when procuring goods and services.		
2.4	<p>CPU will be responsible for getting contracts sealed/signed, scanning into Proactis and notifying the contract manager. CPU will then pass the contract over to the contract manager which will prompt the contract management module to be used.</p> <p>Proactis functionality will be used to send an automated chaser to contract managers about contract expiry dates and the need to take action to ensure service continuity. This should also reduce the need for exception/extension reports because of the advance warning of a contract expiry date.</p>	CPU/Business Partners - DCC / FCC	Complete - Ongoing.
Follow Up Results	<p>DCC: contracts are prepared and completed by CPU and sent to the supplier and, on return, the contracts are scanned into Proactis contract management module.</p> <p>At FCC, there has been resistance from support services in getting contracts prepared ready for dispatch to the supplier. It has been agreed by the Chief Officer Governance that CPU will prepare an electronic version of the contract and send it to the Service, and that it is a Service responsibility to ensure the contract is completed and a scanned copy sent to CPU for uploading to Proactis.</p> <p>There is functionality within the contract management module on the Proactis system to set up tasks whereby the Contract Manager can set up tasks, deadline for completion and send a reminder to the named officer for the upcoming tasks. This is reliant on Contract Managers setting up tasks as reminders to themselves. The Legal and Procurement Manager is aware of officers in ICT who are using the task function for ICT contracts but not aware of other officers using this functionality.</p>		

2.5	CPU to provide contract monitoring training for Services/contract managers during the next 12 months.	CPU Strategic Business Partner – DCC / FCC	Complete – Ongoing
Follow Up Results	The Procurement Systems Officer and Data Analyst has provided training during the last 12 months, unfortunately staff attendance at the training sessions has been poor. This is an area that will be ongoing and the Procurement Systems Officer and Data Analyst will continue to offer the training during the next 12 months.		

Report Recipients

- Head of Legal HR and Democratic Services
- Legal Services Manager
- Legal and Procurement Operations Manager
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance Committee
- Strategic Planning & Performance Officer

Internal Audit Team

Bob Chowdhury	Senior Auditor	01824 706988 Bob.Chowdhury@denbighshire.gov.uk
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Key Dates

Follow up review commenced	May 2019
Follow up review completed	May 2019
Reported to Corporate Governance Committee	05 June 2019

Corporate Governance and Audit Committee Forward Work Programme

18 March 2020		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Forward Work Programme	Democratic Services
		Reports	
	4	Certification of Grants & Returns 2017/18	Chief Finance Officer / WAO
	5	Budget Process	Chief Finance Officer
	6	Internal Audit Strategy & Charter	Head of Internal Audit – Lisa Lovegrove
	7	Section 106 Audit Follow Up Report	Chief Internal Auditor – Lisa Lovegrove
	8	Support Budgets & Direct Payments Audit Follow Up Report	Chief Internal Auditor – Lisa Lovegrove
	9	Annual Complaints Report & Ombudsman’s Annual Letter	Head of Legal, HR and Democratic Services - Gary Williams
	10	Annual report on Whistle Blowing	Head of Legal, HR and Democratic Services - Gary Williams
	11	Finance in Schools	Head of Finance
	12	Cost Safeguards in relation to major projects, contracts and procurements	Head of Finance
29 April 2020		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Internal Audit Update (CIPFA update)	Head of Internal Audit – Lisa Lovegrove
	4	Forward Work Programme	Democratic Services
		Reports	
	5	WAO Annual Audit Plan	Head of Finance / WAO

Corporate Governance and Audit Committee Forward Work Programme

	6	Annual Governance Statement	Head of Business Improvement & Modernisation / Chief Internal Auditor
	7	Corporate Risk Management Update	Strategic Planning Manager – Nicola Kneale
03 June 2020		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Forward Work Programme	Democratic Services
		Reports	
Page 192	4	Annual RIPA (Regulation of Investigatory Powers Act 2000)	Head of Legal, HR and Democratic Services - Gary Williams
	5	Internal Audit Annual Report	Chief Internal Auditor
	6	Annual Corporate Governance Committee Report	Head of Legal, HR and Democratic Services - Gary Williams
08 July 2020		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Internal Audit Update (CIPFA update)	Head of Internal Audit – Lisa Lovegrove
	4	Forward Work Programme	Democratic Services
		Reports	
	5	WAO Annual Improvement Report	WAO
	6	Draft Statement of Accounts	Head of Finance
	7	Treasury Management Report	Head of Finance
	8	Annual Report on the Constitution	Head of Legal, HR and Democratic Services - Gary Williams

Corporate Governance and Audit Committee Forward Work Programme

9 September 2020		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Forward Work Programme	Democratic Services
		Reports	
	4	Risk Management - Risk Appetite	The Planning and Performance Officer – Emma Horan
	5	Audit of Financial Statement Report	Head of Finance / WAO
	6	Approval of Statement of Accounts	Head of Finance
	7	Annual H&S Report	Corporate H&S Manager
	8	Annual SIRO Report	Head of Business Improvement & Modernisation
18 November 2020		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Forward Work Programme	Democratic Services
		Reports	
	4	Internal Audit Update Report	Chief Internal Auditor
	5	Budget Update	Head of Finance
	6	Annual Report on Whistleblowing	Head of Legal, HR & Democratic Services
	7	Annual RIPA Report	Head of Legal, HR & Democratic Services
	8	Annual Complaints Report and Ombudsman’s Annual Letter	Statutory & Corporate Complaints Officer

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

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