

At: Aelodau'r Pwyllgor Llywodraethu
Corfforaethol ac Archwilio

Dyddiad: 21 Ionawr 2021

Rhif Union: 01824706204

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Annwyl Gyngorydd

Fe'ch gwahoddir i fynychu cyfarfod y **PWYLLGOR LLYWODRAETHU CORFFORAETHOL AC ARCHWILIO, DYDD MERCHER, 27 IONAWR 2021** am **9.30 am** yn **VIA ZOOM**.

Yn gywir iawn

G Williams
Pennaeth Gwasanaethau Cyfreithiol, AD a Democrataidd

AGENDA

RHAN 1 – GWAHODDIR Y WASG A'R CYHOEDD I FOD YN BRESENNOL YN Y RHAN HON O'R CYFARFOD

1 YMDDIHEURIADAU

2 DATGAN CYSYLLTIAD (Tudalennau 5 - 6)

Yr Aelodau i ddatgan unrhyw gysylltiad personol neu gysylltiad sy'n rhagfarnu mewn unrhyw fater a nodwyd i'w ystyried yn y cyfarfod hwn.

3 MATERION BRYG

Hysbysiad o eitemau y dylid, ym marn y Cadeirydd, eu hystyried yn y cyfarfod fel materion bryg yn unol ag Adran 100B(4) o Ddeddf Llywodraeth Leol 1972.

4 COFNODION (Tudalennau 7 - 16)

Derbyn cofnodion cyfarfod Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd ar 18 Tachwedd 2020 (copi ynghlwm).

5 BIL LLYWODRAETH LEOL AC ETHOLIADAU (CYMRU) – PERFFORMIAD A LLYWODRAETHU (Tudalennau 17 - 60)

Derbyn adroddiad (copi ynghlwm) am yr ymgynghoriad ar fersiwn ddrafft y canllawiau statudol ar gyfer prif gynghorau, sy'n pennu sut y dylent ymarfer eu swyddogaethau perfformiad a llywodraethu fel y nodir yn Rhan 6 Bil Llywodraeth Leol ac Etholiadau (Cymru).

6 BIL LLYWODRAETH LEOL AC ETHOLIADAU (CYMRU) 2021 (Tudalennau 61 - 76)

Derbyn adroddiad ar Fil Llywodraeth Leol ac Etholiadau (Cymru) 2019 (y Bil) (copi ynghlwm).

7 FFRAMWAITH HERIO AC YMYRRYD AR GYFER YSGOLION MEWN TRAFFERTHION ARIANNOL (SIFD) (Tudalennau 77 - 124)

Derbyn adroddiad (copi ynghlwm) am y cynnydd o ran gweithredu proses Fframwaith Herio ac Ymyrryd ar gyfer Ysgolion mewn Trafferthion Ariannol.

8 RHEOLI'R TRYSORLYS (Tudalennau 125 - 158)

Ystyried adroddiad gan y Pennaeth Cyllid ac Eiddo (copi ynghlwm) ar

1. Datganiad Strategaeth Rheoli'r Trysorlys (DSRhT) 2021/22 a Dangosyddion Darbodus 2021/22 i 2023/24 (Atodiad 1) a;
2. Adroddiad Diweddarau ar Reoli'r Trysorlys 2020/21 (Atodiad 2).

9 DATGANIAD LLYWODRAETHU BLYNYDDOL – DIWEDDARIAD O RAN GWELLA (Tudalennau 159 - 166)

Derbyn diweddariad ar y cynnydd wrth weithredu'r cynllun gwella llywodraethu sydd wedi'i gynnwys yn Natganiad Llywodraethu Blynyddol 2019/20 (copi ynghlwm).

10 ARCHWILIAD RHEOLI CONTRACT – CYNLLUN GWEITHREDU DIWYGIEDIG (Tudalennau 167 - 178)

Derbyn y cynllun gweithredu sydd wedi'i ddiweddarau i adroddiad Archwilio Mewnol 'Rheoli contract' (copi ynghlwm).

11 RHAGLEN WAITH Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL (Tudalennau 179 - 182)

Ystyried rhaglen gwaith i'r dyfodol y pwyllgor (copi ynghlwm).

12 DIWEDDARIAD ARCHWILIO MEWNOL (Tudalennau 183 - 234)

Ystyried adroddiad gan Bennaeth Archwilio Mewnol (copi ynghlwm) yn diweddarau'r aelodau am gynnydd Archwilio Mewnol.

RHAN 2 - MATERION CYFRINACHOL

Argymhellir yn unol ag Adran 100A (4) o Ddeddf Llywodraeth Leol 1972, bod y Wasg a'r Cyhoedd yn cael eu cau allan o'r cyfarfod tra bydd yr eitem ganlynol o fusnes yn cael ei hystyried, oherwydd ei bod yn debygol y bydd gwybodaeth eithriedig yn cael ei datgelu (fel y'i diffinnir ym mharagraffau [noder y rhif] o Ran 4, Atodlen 12A y Ddeddf).

13 ADRODDIAD BLYNYDDOL – POLISI RHANNU PRYDERON (Tudalennau 235 - 260)

Derbyn adroddiad (copi ynghlwm) am weithrediad Polisi Rhannu Pryderon y Cyngor ers yr adroddiad blynyddol diwethaf.

AELODAETH

Y Cynghorwyr

Mabon ap Gwynfor
Tony Flynn
Martyn Holland

Alan James
Barry Mellor
Joe Welch

Aelod Lleyg

Paul Whitham

COPIAU I'R:

Holl Gynghorwyr er gwybodaeth
Y Wasg a'r Llyfrgelloedd
Cyngorau Tref a Chymuned

Mae tudalen hwn yn fwriadol wag

DEDDF LLYWODRAETH LEOL 2000

Cod Ymddygiad Aelodau

DATGELU A CHOFRESTRU BUDDIANNAU

Rwyf i,
(enw)

*Aelod /Aelod cyfetholedig o
(*dileuer un)

Cyngor Sir Ddinbych

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

Dyddiad Datgelu:

Pwyllgor (nodwch):

Agenda eitem

Pwnc:

Natur y Buddiant:

(Gweler y nodyn isod)*

Llofnod

Dyddiad

Noder: Rhwng ddigon o fanylion os gwelwch yn dda, e.e. 'Fi yw perchennog y tir sy'n gyfagos i'r cais ar gyfer caniatâd cynllunio a wnaed gan Mr Jones', neu 'Mae fy ngŵr / ngwraig yn un o weithwyr y cwmni sydd wedi gwneud cais am gymorth ariannol'.

Mae tudalen hwn yn fwriadol wag

PWYLLGOR LLYWODRAETHU CORFFORAETHOL AC ARCHWILIO

Cofnodion cyfarfod o'r Pwyllgor Llywodraethu Corfforaethol ac Archwilio a gynhaliwyd yn Trwy Gyfrwng Fideo, Dydd Mercher, 18 Tachwedd 2020 am 9.30 am.

YN BRESENNOL

Y Cynghorwyr Mabon ap Gwynfor, Tony Flynn, Martyn Holland (Is-Gadeirydd), Alan James, Barry Mellor (Cadeirydd) a/ac Joe Welch

Aelod Lleyg - Paul Whitham.

Arsylwyr - Cynghorydd Meirick Lloyd Davies ac Gwyneth Kensler

HEFYD YN BRESENNOL

Y Cynghorydd Julian Thompson-Hill, Yr Aelod Arweiniol dros Gyllid, Perfformiad ac Asedau Strategol, y Cynghorydd Huw Hilditch-Roberts, Aelod Arweiniol dros Addysg, Gwasanaethau Plant ac Ymgysylltu â'r Cyhoedd.

Pennaeth Swyddog Monitro Gwasanaethau Cyfreithiol, AD a Democraidaidd (GW), Pennaeth Gwasanaethau Cyllid ac Eiddo (Swyddog Adran 151) (SG), Prif Archwilydd Mewnol (LL), Swyddogion Archwilio Cymru (DW, MB a DW), Cyfarwyddwr Corfforaethol Cymunedau (NS), Uwch Archwilydd (LH), Prif Reolwr (JW), Arweinydd Tîm Cynllunio Strategol a Pherfformiad (IM), Gweinyddwr Pwyllgor (RTJ)

1 YMDDIHEURIADAU

Ni dderbyniwyd ymddiheuriadau.

2 DATGANIADAU O FUDDIANT

Dim.

3 MATERION BRYD

Dim.

4 COFNODION

Cyflwynwyd cofnodion cyfarfod y Pwyllgor Llywodraethu Corfforaethol ac Archwilio a gynhaliwyd ar 9 Medi 2020.

Materion o gywirdeb –

- Codwyd cyfieithiad y ddogfen gan fod rhai gwallau ynddo.
- Nododd yr aelod lleyg Paul Whitham nad oedd ei bresenoldeb wedi ei gofnodi o fewn y cofnodion.

Materion yn codi –

- Tudalen 12 holodd yr aelodau a fu taliadau parhaus i wasanaethau eraill fel y bu gyda chludiant ysgol. Hysbyswyd y pwyllgor mai hwn oedd yr unig benderfyniad tebyg a wnaed gan y Cyngor.

PENDERFYNWYD y dylid derbyn a chadarnhau cofnodion y cyfarfod a gynhaliwyd ar 9 Medi 2020 fel cofnod cywir.

5 DIWEDDARIAD ARCHWILIO MEWNOL

Cyflwynodd y Prif Archwilydd Mewnol y Diweddariad Archwilio Mewnol (a gylchredwyd yn flaenorol) mae'r adroddiad yn darparu diweddariad ar gynnydd diweddaraf y Pwyllgor Llywodraethu Corfforaethol ac Archwilio ar Archwiliad Mewnol o ran darparu gwasanaeth, darpariaeth sicrwydd, adolygiadau a gwblhawyd, perfformiad ac effeithiolrwydd wrth yrru gwelliant. Mae hefyd yn cynnwys diweddariad ar y cynnydd gyda Phwyllgorau Arferion Arfer Da CIPFA.

O ganlyniad i'r argyfwng pandemig coronafirws, canolbwynt allweddol i'r tîm oedd darparu cyngor a chefnogaeth i weithgareddau newydd a newidiadau i'r trefniadau yr oedd y Cyngor yn gorfod eu rhoi ar waith yn gyflym i ymateb i'r pandemig. Yn weithredol, bu'n rhaid i'r Cyngor ymateb yn gyflym i amgylchiadau sy'n newid yn gyflym, sydd wedi cael effaith ar gyflymder a dilyniant rhai o'n harchwiliadau. Byddai'r tîm archwilio yn parhau i gynnal archwiliadau a gwaith wedi'i gynllunio ar gyfer 2020/21 gydag ymgysylltiad da gan wasanaethau.

Yn ychwanegol at y gwaith archwilio a gynlluniwyd, roedd y tîm hefyd wedi bod yn cynorthwyo'r Cyngor gyda thaliadau grant (e.e. prydau ysgol am ddim, taliadau bonws gweithwyr gofal cymdeithasol a grantiau ardrethi busnes) trwy ddarparu cefnogaeth a chyngor. Roedd y tîm hefyd wedi cefnogi Tîm Prawf, Olrhain a Diogelu (TTP) y Cyngor mewn ymateb i bandemig Covid-19, gydag Uwch Archwilydd wedi'i secondio i'r tîm.

Dangosodd Atodiad 1 yr effaith ar gynnydd yn erbyn y Cynllun Archwilio ar gyfer 2020/21 yn rhannol oherwydd gostyngiad dros dro yn yr adnoddau archwilio oherwydd adleoli a secondiad dilynol un Uwch Archwilydd i'r tîm TTP (o fis Mehefin 2020), ac un Archwilydd yn ymddeol yn Hydref 2020. Ar hyn o bryd roedd y tîm archwilio yn hysbysebu am Uwch Archwilydd am gcontract dros dro 12 mis i'w ail-lenwi ar gyfer yr Uwch Archwilydd ac roedd ansicrwydd o hyd a fyddai'r cyngor yn cefnogi'r recriwtio i swydd wag yr Archwilydd. Byddai'r Cynllun Archwilio yn parhau i gael ei adolygu, yn yr un modd â defnyddio'r adnodd archwilio mewnol sydd ar gael, yng nghyd-destun ymateb parhaus y Cyngor i bandemig Covid-19 ac i sicrhau ein bod yn parhau i ganolbwyntio ein gwaith ar feysydd sydd â'r risg fwyaf i'r cyngor.

Fel y nodwyd eisoes, byddai gostyngiad mewn adnoddau yn golygu y byddai'r prosiectau canlynol yn cael eu cwblhau bellach yn 2020/21. Byddai'r ardaloedd hyn yn parhau i gael eu hasesu a byddai meysydd blaenoriaeth uchel yn cael eu dwyn ymlaen i'r Cynllun Archwilio ar gyfer 2021/22:

- Tîm Iechyd Meddwl Cymunedol - wedi'i ohirio tan 2021/22 ar gais BCUHB

- Trefniadau Diogelu Amddifadedd Liberty (DOLS) - gohirir nes bod canllawiau LIC yn cael eu rhyddhau
- Gwasanaeth Mabwysiadu - wedi'i ddal yn ôl.
- Mae CBS Wrecsam (awdurdod cynnal) hefyd yn bwriadu archwilio.
- Gwasanaeth Ieuencid - wedi'i ddal yn ôl
- Gweithio mewn Diffygion - nid yw'n flaenoriaeth mwyach
- Datblygu'r Gweithlu - parhau i 2021/22
- Archwiliadau Ysgol - gohirio, parhau i 2021/22
- Gwasanaethau Treftadaeth - nid yw bellach yn flaenoriaeth
- Anghenion Dysgu Ychwanegol - parhau i 2021/22
- Cartrefi Gwag - ddim yn flaenoriaeth mwyach
- Gwastraff Masnachol - wedi'i ddal yn ôl
- Eithriadau ac Eithriadau gyda CPRs - wedi'u gohirio
- Asegiadau Cydraddoldeb / Lles ac Effaith - wedi'u gohirio

Cyflwynodd yr uwch archwilydd yr adolygiad o Daliadau Uniongyrchol gan nad oedd y maes hwn wedi'i adolygu ers cryn amser ac fel rhan o'r mesurau gwrth-dwyll rhagweithiol. Roedd yr adolygiad hwn yn rhoi sicrwydd i uwch reolwyr yn y Gwasanaethau Addysg a Phlant (ECS), yr Adroddiad Archwilio Mewnol Blyneddol a'r Datganiad Llywodraethu Blyneddol.

Yn flaenorol, roedd y tîm archwilio wedi cynnal adolygiad o gyllidebau cymorth a thaliadau uniongyrchol o fewn y Gwasanaethau Cymorth Cymunedol (CSS), a adroddwyd i'r Pwyllgor Llywodraethu Corfforaethol ac Archwilio ym mis Medi 2019.

Mae staff yn y tîm Plant ag Anableddau wedi cael hyfforddiant ar daliadau uniongyrchol, ond byddai'r Gwasanaeth yn elwa o gael canllawiau wedi'u dogfennu i sicrhau bod staff yn glir o'r broses a'i bod yn cael ei dilyn yn gyson. Y bwriad yw i hyn gael ei gydlynu gyda'r CSS i gynhyrchu canllawiau cyffredin ar gyfer taliadau uniongyrchol. Yn yr un modd, nid oedd gan y Gwasanaeth ganllawiau wedi'u dogfennu ar gyfer rhieni neu ofalwyr, yn lle comisiynu darparwr trydydd parti i gyflenwi'r wybodaeth a'r cyngor hwn i ddinasyddion.

Ymatebodd swyddogion eu bod yn cydnabod archwilio mewnol ar gyfer gwella, ond mae'r ddeddfwriaeth yn gwneud rhai pethau'n anodd, megis rheolaeth ar y rhai a oedd yn derbyn yr arian. Roedd y teuluoedd y bu'r tîm archwilio yn gweithio gyda nhw trwy ddull ymyrraeth, gyda phlant ag anableddau roedd heriau pellach, nid oedd unrhyw reswm sylweddol i fynd trwy'r holl broses, ond pe bai angen i weithwyr cymdeithasol weld y wybodaeth, gallent dderbyn y wybodaeth.

Trafodaeth Gyffredinol –

- Holodd y pwyllgor a archwiliwyd grantiau'r NRF yn yr AHNE. Ymatebodd swyddogion trwy hysbysu'r pwyllgor y bu archwiliad o'r AHNE, ond gellid cynnwys grantiau mewn unrhyw archwiliadau yn y dyfodol.
- Holwyd yr acronym ar gyfer PLASC a beth oedd yn ei olygu, eglurodd swyddogion ei fod yn sefyll ar gyfer cyfrifiad ysgol flynyddol ar lefel disgyblion - y data ar lefel disgyblion ac ysgolion ydoedd.
- Tynnodd yr aelodau sylw at bryderon ynghylch incwm parcio, er bod yr amgylchiadau presennol gyda COVID yn ei gwneud hi'n anodd archwilio. Codwyd materion gydag incwm, roedd trefniadau newydd ar gyfer casglu

arian parod wedi'u rhoi ar waith. Bu newidiadau hefyd gyda'r dull talu, trwy'r ffôn a cherdyn. Gofynnodd yr aelodau am ddod ag adroddiad pellach yn ôl i'r pwyllgor i sicrhau bod y gwelliannau gofynnol wedi'u gwneud o ystyried adroddiad sicrwydd isel blaenorol yn y maes hwn ychydig flynyddoedd yn ôl.

- Cododd y pwyllgor y straen ar y tîm archwilio, ac a oedd y swyddog a gafodd ei adleoli i'r tîm trac ac olrhain a ellid ei symud yn ôl i archwilio. Eglurodd y swyddogion fod Bob Chowdhury wedi'i adleoli ym mis Mehefin, fe oruchwyliodd y contract gan olrhain a chynghori'r rheini ar y ffonau. Ym mis Medi roedd cyllideb ar gael, roedd hon yn allanol, enwyd yr archwilydd yn arweinydd gyda'r olrhain ac roedd Llywodraeth Cymru wedi talu'r gost.
- Roedd y pwyllgor eisiau sicrhau bod pwysigrwydd y tîm archwilio yn cael ei nodi gyda phroses arbed cyllideb y cyngor, er mwyn sicrhau na fyddai unrhyw straen ychwanegol i'r adran.
- Mewn ymateb i'r adroddiad Taliadau Uniongyrchol cytunodd yr aelodau fod y mater yn gymhleth a byddai'n fuddiol cyflwyno adroddiad llawn i'r pwyllgor yn y gwanwyn, ochr yn ochr ag astudiaethau achos i aelodau gael gwell dealltwriaeth.

PENDERFYNWYD -

- (a) Mae'r pwyllgor yn nodi cynnydd a pherfformiad yr Archwiliad Mewnol.
- (b) Argymhellodd y Pwyllgor na ddylid lleihau'r adnoddau sydd ar gael i'r Prif Archwilydd Mewnol.
- (c) Dylid dwyn yr adroddiad Archwiliad Mewnol o Daliadau Uniongyrchol i Blant yn ôl i'r pwyllgor yn 2021.

6 ADOLYGIAD AROLYGIAETH GOFAL CYMRU (AGC) O BERFFORMIAD AWDURDODAU LLEOL EBRILL 2019 - MAWRTH 2020

Cyflwynodd y Cyfarwyddwr Corfforaethol Cymunedau Adolygiad Perfformiad Awdurdod Lleol Arolygiaeth Gofal Cymru (AGC) (a gylchredwyd yn flaenorol). Mae'r adroddiad yn nodi'r materion allweddol sy'n codi o adolygiad Arolygiaeth Gofal Cymru (AGC) o berfformiad Cyngor Sir Ddinbych wrth gyflawni ei swyddogaethau gwasanaethau cymdeithasol statudol

Nid oedd yn bosibl cynnal y cyfarfodydd a fyddai wedi'u cynnal gyda AGC oherwydd pandemig COVID. Yn gyffredinol, roedd swyddogion yn hapus gyda'r adolygiad. Roedd adolygiadau blaenorol wedi tynnu sylw at ofal oedolion, ond amlygodd yr adroddiad cyfredol y gwelliannau a wnaed o adolygiadau blaenorol.

Cafodd cynnwys y llythyr hwn ei lywio gan y gweithgaredd gwerthuso perfformiad a gynhaliwyd gan yr arolygiaeth yn ystod y flwyddyn. Roedd y gweithgaredd hwn yn cynnwys:

- arolygu gwasanaethau oedolion hŷn - Mai 2019
- cyfarfodydd gydag uwch reolwyr
- gweithgaredd â ffocws mewn gwasanaethau oedolion - Ionawr 2020
- gweithgaredd ymgysylltu â gwasanaethau oedolion hŷn
- gweithgaredd â ffocws mewn gwasanaethau plant Rhagfyr 2019

- adborth / gwybodaeth a dderbyniwyd
- adolygiad o wybodaeth am berfformiad

Roedd rhai o'r materion hyn wedi llithro ond roedd deialog gyson gyda'r AGC.

Cymeradwyodd y pwyllgor y llythyr, ond fe wnaethant dynnu sylw at rai meysydd, yn enwedig o ran Grant Byw'n Annibynnol Cymru (WILG) a cholli annibyniaeth posibl y rhai sy'n derbyn y grantiau, wrth i'r broses grantiau gael eu trosglwyddo o Lywodraeth Cymru i lywodraeth leol. A allai'r Cyngor sicrhau na fyddai pobl yn colli eu hannibyniaeth. Amlygwyd bod recriwtio siaradwyr Cymraeg yn heriol, sut y gallai Sir Ddinbych sicrhau bod siaradwyr Cymraeg yn cael eu denu i'r sector.

Cynhaliodd LIC adolygiad o'r rhai a dderbyniodd y WILG a phe bai'r newidiadau hyn wedi'u cynnal gyda'r rhai sy'n derbyn y grant, yn Sir Ddinbych roedd y system yn dda a gostyngwyd rhai pecynnau gyda chytundeb y rhai a oedd yn derbyn y grantiau. Roedd heriau gyda recriwtio gyda'r Gymraeg ond mae'r Cyngor yn annog staff i wella unrhyw sgiliau gyda'r Gymraeg. Rydym yn cydnabod yr her a byddem bob amser yn ymdrechu i fod yn well.

PENDERFYNWYD bod y Pwyllgor Llywodraethu Corfforaethol ac Archwilio yn nodi'r cynnwys Adolygiad Perfformiad Awdurdod Lleol Arolygiaeth Gofal Cymru (AGC) Ebrill 2019 - Mawrth 2020

7 PWYSAU COSTAU CYLLIDEBOL GWASANAETHAU CYMDEITHASOL

Cyflwynodd swyddog Archwilio Cymru David Wilson Adroddiad Archwilio Cymru - Pwysau Costau Cyllidebol Gwasanaethau Cymdeithasol (a gylchredwyd yn flaenorol).

Roedd yr adroddiad hwn yn crynhoi Adroddiad Archwilio Cymru o Bwysau Costau Cyllidebol y Gwasanaethau Cymdeithasol yn Sir Ddinbych ac yn darparu ymatebion swyddogion i'r Cynigion ar gyfer Gwella

Ym mis Chwefror 2020, cynhaliodd Swyddfa Archwilio Cymru (Archwilio Cymru bellach) adolygiad o drefniadau comisiynu a gweinyddu cartrefi gofal i bobl hŷn. Cyhoeddwyd yr adroddiad terfynol ym mis Awst 2020 a daethpwyd i'r casgliad nad yw'r Cyngor wedi gallu sicrhau'r buddion mwyaf posibl o weithio mewn partneriaeth wrth gomisiynu a gweinyddu lleoliadau gofal cartrefi preswyl a nysio.

Daeth Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) 2014 (SSWBA) i rym ar 6 Ebrill 2016. O dan yr SSWBA, mae gan gynghorau a byrddau iechyd rwymedigaeth statudol i sefydlu a chynnal trefniadau cronfa gyfun mewn perthynas ag arfer eu gofal swyddogaethau llety cartref erbyn 6 Ebrill 2018. Yn ystod gwaith maes Archwilio Cymru, fe'n gwnaed yn ymwybodol bod Llywodraeth Cymru yn cynnal adolygiad yn asesu cynnydd Byrddau Partneriaeth Ranbarthol wrth weithredu cronfeydd cyfun. Rydym yn deall y byddai Llywodraeth Cymru yn gwneud argymhellion i gryfhau a gwella'r trefniadau presennol. Gofynnodd Sir Ddinbych am ymestyn y dyddiad cau ac fe'i hestynnwyd am flwyddyn.

Teimlai'r Cyfarwyddwr Corfforaethol Cymunedau ei bod yn bwysig i'r pwyllgor weld yr adroddiad, a chydabuwyd y materion a godwyd, nid oedd y materion a godwyd yn Sir Ddinbych yn unig, ac felly ni allai Sir Ddinbych ddelio â hwy yn unig, o ran y bartneriaeth gyllideb gyfun yn gweithio, gwnaethom gydnabod ei fod wedi profi'n anodd.

Ychwanegodd y Pennaeth Cyllid hefyd fod y trefniadau wedi bod ar waith ers y flwyddyn ariannol ddiwethaf, a chost gweinyddu'r arian ac nid yr arian ei hun. Profwyd y prosesau hyn yn gadarn yn ystod y pandemig COVID, mae'r mater wedi bod yn gromlin ddysgu, ac mae'r rhanbarth yn dymuno mynd ymhellach â'r mater.

Dadl Gyffredinol –

- Roedd yr aelodau'n ddiolchgar am yr adroddiad ac yn cytuno â nifer o bwyntiau yn yr adroddiad Archwilio Cymru, roedd y mater o symud arian o fewn y bartneriaeth yn ymddangos fel ymarfer diangen. Ymatebodd swyddogion, oherwydd symudiad yr arian, roedd gan y bartneriaeth ddata ariannol ac y gallent ei weithredu wrth wneud penderfyniadau.
- Tynnodd y pwyllgor sylw at ansicrwydd rôl Bwrdd Iechyd Prifysgol Betsi Cadwaladr (BIPBC) trwy gydol yr holl broses. Roedd BIPBC yn aelodau ochr yn ochr â 6 Chyngor arall Gogledd Cymru, roeddent i asesu sut y gwariwyd yr arian fel cyfun, a'r nod oedd gweithio yn well yn well a defnyddio adnoddau.
- Amlygodd y pwyllgor fod dau fater, yr arian yn cael ei symud a'r teimlad ei fod yn ymarfer diangen, a beth oedd nod terfynol y gwaith partneriaeth. Ymatebodd swyddogion Archwilio Cymru nad oedd y mater yn mynd i gael ei adael ar ei ben ei hun, roedd y mater yn y cynllun archwilio ar gyfer 2021, gan ddechrau edrych ar y materion gyda'r gwasanaethau cymdeithasol a chael gwell dealltwriaeth o'r materion.
- Holodd y pwyllgor a fyddai adroddiad dilynol, roedd yr amserlen ar gyfer y darn hwn o waith yn ansicr, roedd y bobl y mae Archwilio Cymru eisiau siarad â nhw ar hyn o bryd yn brwydro yn erbyn ail don y pandemig, gyda COVID angen bod yn hyblyg gyda'r mater, yn debygol o adrodd yn ôl yn yr haf

PENDERFYNWYD bod y Pwyllgor Llywodraethu Corfforaethol ac Archwilio yn nodi cynnwys yr adroddiad ac yn gofyn am ddod ag adroddiad dilynol yn ôl i'r pwyllgor yn 2021.

8 ADOLYGIAD COFRESTR RISG CORFFORAETHOL MEDI 2020

Cyflwynodd Arweinydd y Tîm Cynllunio Strategol a Pherfformiad yr Adolygiad o'r Gofrestr Risg Gorfforaethol, Medi 2020 (a gylchredwyd yn flaenorol).

Datblygwyd y Gofrestr Risg Gorfforaethol ac roedd yr UDA yn berchen arni ochr yn ochr â'r Cabinet. Fe'i hadolygwyd yn ffurfiol ddwywaith y flwyddyn gan y Cabinet yn y Cabinet Briefing. Yn dilyn pob adolygiad ffurfiol, cyflwynwyd y gofrestr ddiwygiedig i'r Pwyllgor Craffu Perfformiad, a rhannwyd hi gyda Llywodraethu Corfforaethol. Cynhaliwyd yr adolygiad diwethaf ym mis Chwefror 2020. Mae gan y Pwyllgor

Llywodraethu Corfforaethol ac Archwilio cyfrifoldeb i fod yn fodlon ynghylch cadernid y prosesau sydd ar waith i reoli risg o fewn yr awdurdod.

Yn seiliedig ar adborth gan swyddogion, ac yn cyd-fynd â chymhwysio templedi hygyrch newydd, rydym wedi gwneud y canllaw Rheoli Risg yn fwy eglur o ran sut mae sgorio risg yn gysylltiedig â'r meini prawf uwch gyfeirio, ac yna yn ei dro lefel difrifoldeb y risg yr ydym yn barod i'w derbyn o fewn pob maen prawf archwaeth risg. Er enghraifft, mae archwaeth ofalus yn golygu y byddwn yn goddef risgiau bach neu gymedrol yn unig. Gellir gweld ein matrices sgorio newydd a'n crynodeb archwaeth yn atodiad 3, yn ogystal ag yn y Risg

Yn ystod ein trafodaethau â pherchnogion risg y Canllaw Rheoli dros adolygiad mis Chwefror a'r mis Medi hwn, daeth yn amlwg nad oedd risgiau o ran Diogelu yn eistedd yn gyffyrddus o fewn awydd gofalus am Gydymffurfiaeth a Rheoliad. Yn dilyn cytundeb gyda'r Uwch Dîm Arweinyddiaeth, mae categori newydd wedi'i gynnwys i gwmpasu Diogelu, lle'r oedd ein chwant bwyd yn ffinalaidd. Gellir gweld yr ychwanegiad hwn yn atodiad 3 i'r adroddiad hwn, ond hefyd yn y Canllaw Rheoli Risg.

Yn ystod yr adolygiad diweddaraf hwn, mae effaith Covid-19 wedi bod yn flaenllaw, ac roedd nifer o risgiau wedi'u diweddarau i adlewyrchu'r effaith hyd yn hyn a'r goblygiadau yn y dyfodol. Mae rhai risgiau wedi gweld eu sgorau yn cynyddu mewn difrifoldeb o ganlyniad.

Dadl Gyffredinol -

- Roedd yr aelodau'n pryderu am y risg newydd, risg 46 - Methu â symud y Cynllun Datblygu Lleol (CDLI) newydd i fabwysiadu. Ble fyddai hynny'n ein gadael ni fel Cyngor, yn olaf, roedd LIC wedi rhoi math o estyniad, yr hiraf aeth y broses ymlaen, y lleiaf perthnasol fyddai'r CDLI blaenorol. Roedd gwaith yn mynd rhagddo gyda'r CDLI ac roedd amserlenni wedi'u newid.
- Risg 1 oedd llinellau Sir yn cael eu hystyried yn risg gan ei bod yn tyfu. Cofrestrau damweiniau ac ysgolion risg 14 ac fel y maent yn ymreolaethol pe baent yn gofrestr. Perygl 41 twyll a grantiau a'r hyn sydd wedi'i reoli, Risg 44 y risg o ddychwelyd yn ôl, roedd y cyngor eisoes yn colli coed, a phwy sy'n berchen ar y coed. Eglurodd swyddogion ymateb y byddai llinellau sirol yn cael eu codi gyda'r perchennog risg i'w gynnwys, risg 14 na fyddai'n cael ei gynnwys, ond roedd yr awdurdod yn ymwneud â diogelu mewn ysgolion. Roedd y risg o wywo coed onnen yn cael ei fapio gan y swyddog coed a oedd newydd ei benodi ac i drafodaethau â pherchnogion tir.

PENDERFYNWYD bod y Pwyllgor Llywodraethu Corfforaethol ac Archwilio yn cymeradwyo'r newidiadau a wnaed i'r Canllaw Rheoli Risg, gan gynnwys ychwanegu Diogelu i'n Datganiad Blas ar Risg.

9 ADRODDIAD BLYNYDDOL Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL

Cyflwynodd Pennaeth y Gwasanaethau Cyfreithiol, AD a Democrataidd Adroddiad Blynyddol y Pwyllgor Llywodraethu Corfforaethol (a gylchredwyd yn flaenorol) i ofyn

am gymeradwyaeth Aelodau i adroddiad drafft i'w gyflwyno i'r Cyngor mewn perthynas â gwaith y Pwyllgor ar gyfer y flwyddyn ddinesig 2019/2020.

Mae'r Cyfansoddiad yn mynnu bod y Pwyllgor yn paratoi ac yn cyflwyno adroddiad i'r Cyngor bob blwyddyn ar berfformiad ac effeithiolrwydd y Pwyllgor.

Mae'r adroddiad drafft sydd ynghlwm yn ceisio nodi'r prif faterion y mae'r Pwyllgor wedi'u hystyried yn ystod Blwyddyn Ddinesig 2019/20 a'r argymhellion a wnaed gan y Pwyllgor.

Mae'r adroddiad drafft yn egluro rôl y Pwyllgor, yr eitemau sefydlog y mae'n eu hystyried, a rhai o'r materion pwysig y mae wedi'u hystyried yn ystod y cyfnod hwn. Gofynnir i'r aelodau ystyried a yw cynnwys yr adroddiad yn adlewyrchu gwaith y Pwyllgor a gwneud unrhyw awgrymiadau i wella arddull a chynnwys yr adroddiad.

Dadl Gyffredinol -

- Awgrymodd yr aelodau y dylid cyflawni'r newidiadau canlynol yn yr adroddiad -
 - 4.4.2 Dylai fod wedi nodi mai diogelwch tân oedd ei adroddiad ei hun.
 - 4.4.5 Ni dderbyniwyd yr adroddiad chwythu'r chwiban eto.
 - 4.7.6 Mae'r siarter, a phryd y byddai'n cael ei derbyn gan fod y cyfarfod gwreiddiol wedi'i ganslo.
- Sicrhawyd yr aelodau bod y mater yn cael ei godi, ond roedd yr holl sefyllfa gyda'r pandemig yn gwneud pethau'n anodd.
- Cododd yr aelodau y dylid nodi cyfraniad a gwaith y tîm archwilio yn yr adroddiad, gallai'r Pennaeth Gwasanaethau Cyfreithiol, AD a Democraidaidd gynnwys paragraff arall i dynnu sylw at hyn. Fodd bynnag, eglurwyd bod nodiadau ychwanegol i'r cadeirydd fel arfer i gydnabod y gwaith sydd wedi'i wneud gan y tîm archwilio wrth gyflwyno yn y cyngor llawn.

PENDERFYNWYD bod y Pwyllgor Llywodraethu Corfforaethol ac Archwilio yn cymeradwyo Adroddiad Blynyddol y Pwyllgor Llywodraethu Corfforaethol a'i gyflwyniad i'r Cyngor yn dilyn y pwyntiau uchod a godwyd.

10 ADRODDIAD RIPA BLYNYDDOL

Cyflwynodd y Pennaeth Gwasanaethau Cyfreithiol AD a Gwasanaethau Democraidaidd adroddiad Blynyddol RIPA (a gylchredwyd yn flaenorol).

Mae gan y Cyngor y pŵer i ymgymryd â rhai gweithgareddau gwyliadwriaeth lle mae'n ystyried bod y rhain yn angenrheidiol ac yn gymesur ar gyfer atal a chanfod trosedd neu ar gyfer atal anhrefn. Mae'r gweithgareddau hyn yn cynnwys sicrhau mynediad at ddata cyfathrebu, gwyliadwriaeth dan gyfarwyddyd a defnyddio ffynhonnell cudd-wybodaeth ddynol gudd. Diffinnir y gweithgareddau hyn yn fanylach ym Mholisi a Gweithdrefnau Corfforaethol y Cyngor.

Ni fu unrhyw geisiadau am awdurdodi gweithgaredd gwyliadwriaeth yn y cyfnod a gwmpesir gan yr adroddiad hwn, sef y cyfnod o ddyddiad yr adroddiad blynyddol diwethaf ar 5 Mehefin 2019 ac ysgrifennu'r adroddiad hwn.

PENDERFYNWYD bod y Pwyllgor Llywodraethu Corfforaethol ac Archwilio yn derbyn ac yn nodi adroddiad Blynyddol RIPA

11 RHAGLEN GWAITH I'R DYFODOL Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL

Cyflwynwyd Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol ac Archwilio (a gylchredwyd ymlaen llaw) i'w hystyried

Ymddiheurodd swyddogion i'r aelodau fod y FWP yn edrych yn eithaf tenau, ond byddai'r adroddiad sefydlog yn cael ei ychwanegu. •

- Byddai adroddiad incwm parcio yn cael ei ddwyn yn ôl i'r pwyllgor naill ai ym mis Medi neu fis Tachwedd 2021.
- Pwysau Costau Cyllidebol y Gwasanaethau Cymdeithasol i ddod yn ôl ym mis Medi neu fis Tachwedd 2021.
- Bydd y chwythiad chwiban blynyddol yn dod ym mis Ionawr a byddai'n cwmpasu amser hirach.
- Gobeithio y byddai'r Broses Gyllideb Gynnar yn cael ei chyflwyno i'r pwyllgor ym mis Ebrill.
- Cynlluniwyd y Datganiad Cyfrifon Drafft ar gyfer mis Mehefin a chynlluniwyd y datganiad terfynol ar gyfer mis Gorffennaf.

PENDERFYNWYD nodi Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol ac Archwilio.

Mae tudalen hwn yn fwriadol wag

Adroddiad i'r: Pwyllgor Llywodraethu Corfforaethol ac Archwilio

Dyddiad y cyfarfod: Dydd Mercher, 27 Ionawr, 2021

Aelod Arweiniol / Swyddog Y Cyng. Julian Thompson-Hill, Aelod
Arweiniol Cyllid, Perfformiad ac Asedau Strategol

Alan Smith, Pennaeth Gwella Busnes a Moderneiddio

Awdur yr Adroddiad: Iolo McGregor, Arweinydd Tîm Cynllunio Strategol a
Pherfformiad

Teitl Bil Llywodraeth Leol ac Etholiadau (Cymru) - Perfformiad a
Llywodraethu

1. Am beth mae'r adroddiad yn sôn?

- 1.1. I roi briff i'r Cyngorwyr am yr ymgynghoriad ar fersiwn ddrafft y canllawiau statudol ar gyfer prif gynghorau, sy'n pennu sut y dylent ymarfer eu swyddogaethau perfformiad a llywodraethu fel y nodir yn Rhan 6 Bil Llywodraeth Leol ac Etholiadau (Cymru).

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

- 2.1. I geisio cyfraniad cynghorwyr i'r ymgynghoriad a'u gwneud yn ymwybodol o newidiadau sydd yn dod i Fframwaith Rheoli Perfformiad presennol y Cyngor.

3. Beth yw'r Argymhellion?

- 3.1. Bod cynghorwyr yn darllen ac yn deall goblygiadau fersiwn ddrafft y canllawiau statudol a baratowyd gan Lywodraeth Cymru (ynghlwm wrth yr adroddiad yma yn atodiad 1), ac yn cynnig adborth i lywio ymateb y Cyngor i'r ymgynghoriad, sydd ei angen erbyn 3 Chwefror, 2021.

4. Manylion yr Adroddiad

Diwygio Llywodraeth Leol - Perfformiad a Llywodraethu

- 4.1. Cafodd Bil Llywodraeth Leol ac Etholiadau (Cymru) ei basio gan y Senedd ar 18 Tachwedd, 2020. Rhagwelir y bydd y Bil yn cael Cydsyniad Brenhinol yn fuan yn 2021. Mae'n ddarn sylweddol o ddeddfwriaeth sy'n ymdrin â diwygio etholiadol, cyfranogiad cyhoeddus, llywodraethu a pherfformiad, a gweithio'n rhanbarthol.
- 4.2. Mae darpariaethau 'Dod i Rym' y Bil yn gymhleth, gyda rhai darpariaethau'n dod i rym o fewn dyddiau ar ôl y Cydsyniad Brenhinol, rhai eraill o fewn deufis, ac mae'r mwyafrif trwy offeryn statudol Gweinidogol. Mae Cymdeithas Llywodraeth Leol Cymru (CLILC) yn gweithio gyda Llywodraeth Cymru i lunio amserlen amlinelliad clir i'w gweithredu.
- 4.3. Mae'r adroddiad yma'n sôn am y dyletswyddau perfformiad a llywodraethu sydd wedi'u nodi yn Rhan 6 y Bil. Rhagwelir y bydd y rhain yn dechrau o fis Ebrill 2021, a bydd gofyniad cyntaf yr adroddiad 'mor fuan ag sy'n rhesymol ymarferol ar ôl y flwyddyn ariannol y mae'n ymwneud ag o', h.y. ar ôl mis Mawrth 2022. Mae dal angen i ni gyhoeddi'r adroddiad perfformiad terfynol (ein Adolygiad Perfformiad Blynyddol) o Fesur 2009 presennol erbyn 31 Hydref 2021.
- 4.4. Mae Llywodraeth Cymru wedi cyhoeddi ymgynghoriad ar y canllawiau statudol drafft ar-lein - <https://llyw.cymru/perfformiad-llywodraethiant-awdurdodau-lleol-canllawiau-drafft>. Mae'r ddogfen ynghlwm â'r adroddiad yma yn atodiad 1. Fe fydd yr ymgynghoriad ar agor tan 3 Chwefror 2021. Y Tîm Cynllunio Strategol a Pherfformiad sydd yn arwain yr ymateb.
- 4.5. Yn debyg i Fesur Llywodraeth Leol (Cymru) 2009 presennol, mae'r Bil Llywodraeth Leol ac Etholiadau yn gosod dyletswydd ar brif gynghorau i barhau i adolygu eu perfformiad. Serch hynny, wrth ddarllen y canllawiau, mae yna dri maes gwaith clir y bydd rhaid i ni fel awdurdod eu hystyried.

1. Hunanasesu

- 4.6. Mae'n rhaid i brif gyngor lunio adroddiad hunanasesu ar gyfer pob blwyddyn ariannol sydd yn amlinellu sut y mae wedi bodloni ei ofynion perfformiad; gosod y camau gweithredu y mae'n bwriadu eu cymryd i wella ei berfformiad yn y flwyddyn ganlynol;

a bod ar gael i'w Bwyllgor Llywodraethu ac Archwilio fel dogfen ddrafft er mwyn adolygu a/neu wneud argymhellion ar gyfer newidiadau. Os na fydd Cyngor yn gwneud y newidiadau y gofynnwyd amdanynt, mae'n rhaid nodi'r rhesymau yn yr adroddiad, ac o fewn 4 wythnos ar ôl gorffen yr adroddiad, mae'n rhaid i'r Cyngor gyhoeddi'r adroddiad; rhaid i'r adroddiad fod ar gael i Bwyllgor Llywodraethu ac Archwilio'r Cyngor; a rhaid iddynt anfon yr adroddiad at Archwilydd Cyffredinol Cymru, Prif Arolygydd Ei Mawrhydi dros Addysg a Hyfforddiant yng Nghymru a Gweinidogion Cymru.

- 4.7. Mae'r Tîm Cynllunio Strategol a Pherfformiad yn ystyried ymarferoldeb gweithredu'r Hunanasesiad ar hyn o bryd, bydd y cynigion dros eu gweithredu yn cael eu cyflwyno i'r Tîm Arwain Strategol ddiwedd mis Chwefror/ yn fuan ym mis Mawrth. Fe fyddwn hefyd yn gofyn am gyfraniad gan brif swyddogion, y Cabinet, Pwyllgor Craffu a'r Pwyllgor Llywodraethu Corfforaethol ac Archwilio am gynnwys yr asesiad newydd. Mae'r canllaw presennol yn awgrymu saith maes corfforaethol ar gyfer strwythur yr hunanasesiad, sy'n deillio o Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 (gweler tudalennau 19-20 atodiad 1).
- 4.8. Mae un o'r prif gwestiynau yn sgil y canllaw drafft (tudalennau 15-16) yn ymwneud â'r ffaith nad yw'r hunanasesiad yn ddyfarniad sefydlog: "Er mwyn bod yn wirioneddol effeithiol, dylai sefydlu hunanasesiad mewn sefydliad fod yn **broses barhaus**, gan fynd i'r afael â materion wrth iddynt gael eu nodi, **ymateb mewn amser real** ac yn effeithiol i heriau a chyfleoedd." Nid ydym yn anghytuno â'r dull yma gan ei fod yn cyd-fynd ag arfer orau hunanasesiad. Serch hynny, mae'n anodd gwneud hynny ac efallai y bydd angen datrysiad technegol tu hwnt yr hyn sydd gan y Cyngor ar waith ar hyn o bryd. Bydd ein ymateb i'r ymgynghoriad yn codi'r pryder yma.

2. Arolwg Budd-ddeiliaid Blynyddol

- 4.9. Mae'r Bil newydd a'r canllawiau drafft yn gosod pwyslais sylweddol ar yr angen i gasglu barn ystod eang o fudd-ddeiliaid yn flynyddol am berfformiad/cyflenwi ein swyddogaethau, cynnwys yr wybodaeth yma yn ein hadroddiadau perfformiad a hunanasesiad. Yn allweddol, yn ogystal â phreswylwyr lleol, mae'n rhaid i ni ymgynghori â phob cynghorydd, pob aelod staff, partneriaid (yn cynnwys y Bwrdd Gwasanaeth Cyhoeddus), busnesau, cynghorau cymuned a phob undeb llafur. Mae'n rhaid i ni gynnwys y rhai sydd ag anfantais economaidd-gymdeithasol a'r rhai o grwpiau a ddiogelir.

4.10. Ar hyn o bryd, mae'r Cyngor yn cynnal nifer o arolygon gyda budd-ddeiliaid gwahanol ar adegau gwahanol, y mwyaf ohonynt yw ein Harolwg Preswylwyr, a gynhelir ddwywaith y flwyddyn (a'n Arolwg Staff). Bydd angen gwaith sylweddol er mwyn deall cyd-destun presennol yr arolwg ar draws y Cyngor a'i gynnwys mewn i un neu gyfres o arolygon blynyddol. Bydd angen i ganlyniad (neu ganlyniadau) yr arolygon hyn gyfrannu'n ddi-dor mewn i'r broses hunanasesiad newydd. Bydd angen trafod sut i fwrw ymlaen â'r gwaith yma gyda'r Tîm Arwain Strategol. Bydd unrhyw arolwg/arolygon newydd yn cael eu dylunio gyda chyfraniad gan wasanaethau ac aelodau.

3. Asesiad Perfformiad Panel

4.11. Mae'n rhaid i brif gyngor benodi panel annibynnol i gynnal asesiad perfformiad o leiaf unwaith ym mhob cylchred etholiadol, gan ymgynghori â phobl leol, busnesau, staff ac undebau llafur. Mae'n rhaid i'r adroddiad gynnig casgliadau ynglŷn ag ydi'r Cyngor yn cyrraedd ei ofynion perfformiad, ac argymell camau gweithredu i wella perfformiad. Mae angen cyhoeddi'r adroddiad ac ymateb y Cyngor a'i rannu gyda'r Pwyllgor Llywodraethu ac Archwilio i roi sylw.

4.12. Byddai Asesiadau Panel yn dechrau o fis Mai 2022 ymlaen. Mae angen cytundeb ynglŷn â phryd yn nhymor nesaf y Cyngor y bydd yr asesiad panel yn cael ei gynnal.

Archwiliadau Swyddogol

4.13. O dan y Bil newydd, mae hi werth nodi y bydd gan Archwilydd Cyffredinol Cymru bŵer newydd i agor archwiliad arbennig o'r prif gynghorau os nad ydynt yn cyrraedd eu gofynion perfformiad. Mae'r Bil hefyd yn galluogi ar gyfer ailstrwythuro prif gynghorau trwy reoliadau gan Lywodraeth Cymru, yn ddarostyngedig i amodau. Un o'r amodau hyn yw bod Llywodraeth Cymru wedi derbyn adroddiad arolygu arbennig.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

5.1. Bwriad yr adroddiad yma yw hysbysu Cynghorwyr am ddarpariaethau perfformiad Bil Llywodraeth Leol ac Etholiadau (Cymru) newydd a cheisio eu cyfraniad ar ymgynghoriad canllawiau statudol Llywodraeth Cymru. Nid oes angen penderfyniad. Serch hynny, fe fydd y Bil yn effeithio ar brosesau adrodd corfforaethol.

6. Faint fydd hyn yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?

6.1. Nid oes unrhyw gostau yn gysylltiedig â'r adroddiad hwn.

7. Beth yw prif gasgliadau'r Asesiad o'r Effaith ar Les?

7.1. Nid oes angen Asesiad o'r Effaith ar Les ar hyn o bryd. Wrth i gynigion gael eu datblygu i ymateb i'r Bil, bydd angen llenwi asesiadau effaith.

8. Pa ymgynghoriadau sydd wedi'u cynnal gyda Chraffu ac eraill?

8.1. Mae gwaith ymgynghori helaeth ar y Bil eisoes wedi cael ei gynnal, yn cynnwys gweithdai gydag aelodau etholedig. Mae'r ymgynghoriad penodol yma ar y canllawiau statudol ynglŷn ag agweddau perfformiad y Bil wedi cael ei rannu yn sesiwn Briffio'r Cabinet ei gael eu sylwadau. Ar ôl y Pwyllgor Llywodraethu Corfforaethol ac Archwilio, bydd ymateb drafft yn cael ei lunio a'i rannu gyda'r Tîm Arwain Strategol. Fe ymgynghorir hefyd â Chadeiryddion ac Is-gadeiryddion y Pwyllgor Craffu.

9. Datganiad y Prif Swyddog Cyllid

9.1. Nid oes goblygiadau ariannol arwyddocaol o ganlyniad i'r adroddiad hwn.

10. Pa risgiau sydd yna ac oes yna unrhyw beth y gallwn ei wneud i'w lleihau?

10.1. O ran perfformiad, mae yna berygl nad ydi staff a chynghorwyr yn ymgysylltu'n ddigonol â Bil Llywodraeth Leol ac Etholiadau (Cymru), gan effeithio ar ansawdd ein hymateb. Bydd y Tîm Cynllunio Strategol yn gweithio i hysbysu staff a chynghorwyr am y newidiadau, ac yn annog eu perchenogaeth pan fo'i angen. Os nad yw'r Cyngor yn gweithredu'r Bil yn dda, fe fydd yn codi pryderon ymysg ein rheoleiddwyr.

11. Pŵer i wneud y Penderfyniad

11.1. Mae rheoli perfformiad a monitro yn elfen allweddol o Raglen Cymru ar gyfer Gwella, sydd wedi'i thanategu gan ofynion statudol Deddf Llywodraeth Leol 1999 a Mesur Llywodraeth Leol "Cymru" 2009. Fe fydd yr olaf yn cael ei ddisodli gan Fil Llywodraeth Leol ac Etholiadau (Cymru) ar ôl iddo gael ei ddeddfu.

11.2. Mae Adran 13 Cyfansoddiad y Cyngor yn amlinellu cyfrifoldebau Pwyllgor Llywodraethu Corfforaethol ac Archwilio o ran perfformiad yr awdurdod. Bydd angen diweddarau'r cyfansoddiad ar ôl i Fil Llywodraeth Leol ac Etholiadau (Cymru) ddod yn ddeddf.

Draft statutory guidance:

Performance and governance of principal councils

Contents

Summary	4
Duty to keep performance under review	4
Duty to consult on performance.....	4
Duty to report on performance	5
Duty to arrange a panel assessment of performance	5
Duty to respond to a panel performance assessment report	5
Chapter 1 - Policy context and purpose of performance regime set out in the Local Government and Elections (Wales) Bill.....	7
Policy context.....	7
Purpose of the performance and governance provisions	9
The wider regulatory environment.....	10
Support for improvement.....	13
Chapter 2 - Duty to keep performance under review and report on performance through self-assessment.....	14
Introduction	14
Duty of principal council to keep its performance under review	14
Duty to report on performance through self-assessment.....	14
Purpose of self-assessment	15
Approach to self-assessment.....	15
Applying the Well-being of Future Generations Act.....	18
Self-assessment report	20
Taking action on a self-assessment.....	20
Who should be involved in the self-assessment.....	21
Involving the council’s governance and audit committee.....	21
Publication of self-assessment report	22
Chapter 3 - Duty to arrange, and respond to, a panel performance assessment.	23
Introduction	23
Duty of principal council to arrange panel performance assessment.....	23
Purpose of panel performance assessment	24
Approach to panel performance assessment.....	25
Timing.....	26
Preparation in advance of assessment	26
Appointing a panel.....	27

The panel’s role in carrying out a panel performance assessment	28
Panel assessment report.....	30
Publication of panel assessment report	31
Responding to the panel assessment report	31
Involving the governance and audit committee.....	32
Publication of the response to the panel assessment report.....	32
Chapter 4 - Special inspections by the Auditor General for Wales.....	33
Introduction	33
Power to carry out a special inspection.....	33
Duty to respond to Auditor General’s recommendations – principal council.....	34
Duty to respond to Auditor General’s recommendations – Welsh Ministers.....	34
Chapter 5 – Support and assistance with improving performance, and intervention by Welsh Ministers	36
Introduction	36
Support and assistance by the Welsh Ministers.....	36
Powers of the Welsh Ministers to intervene in a principal council	37

Summary

The Local Government and Elections (Wales) Bill provides for the establishment of a new and reformed legislative framework for local government elections, democracy, governance and performance.

This draft guidance sets out how principal councils should meet their duties contained in Part 6, Chapter 1, of the Bill which relates to the performance and governance of principal councils.

It is intended that the final statutory guidance will be issued to principal councils when Part 6 of the Bill is commenced. Following consultation and prior to commencement, a copy of the guidance will be issued to support councils to prepare for the introduction of the new regime.

A council should have regard to guidance issued by Welsh Ministers in relation to the exercise of its functions under Part 6, Chapter 1 of the Bill. This means that councils must take account of the guidance, and if they decide to depart from it, have clear and justifiable reasons for doing so.

The guidance is designed to support councils to understand and discharge their duties in relation to performance and governance, whilst recognising that councils will wish to and should be encouraged to develop their own approach in line with their wider statutory obligations, local circumstances, corporate structures, and best practice.

This draft guidance specifically addresses the following duties to be placed on principal councils:-

Duty to keep performance under review

The Bill requires a council to keep under review the extent to which it is fulfilling the 'performance requirements' that is, the extent to which it is:-

- exercising its functions effectively;
- using its resources economically, efficiently and effectively; and
- has effective governance in place for securing the above.

Duty to consult on performance

A council must consult a range of people at least once in each financial year about the extent to which the council is meeting the performance requirements. The statutory consultees are:-

- a) local people;
- b) other persons carrying on a business in the council's area;
- c) the staff of the council; and
- d) every trade union which is recognised (within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 (c. 92)) by the council.

Duty to report on performance

A council must produce a self-assessment report in respect of each financial year. The report must set out its conclusions on the extent to which it met the performance requirements during that year, and any actions it intends to take, or has already taken, to increase the extent to which it is meeting the performance requirements.

Duty to arrange a panel assessment of performance

A council must arrange for a panel to undertake an assessment, at least once during the period between two consecutive ordinary elections of councillors to the council, of the extent to which the council is meeting its performance requirements.

Duty to respond to a panel performance assessment report

A council must prepare a response to each panel performance assessment report, setting out the extent to which it accepts the conclusions in the report, the extent to which it intends to follow any recommendation in the report, and any actions the council intends to take to increase the extent to which it is meeting the performance requirements.

This guidance refers specifically to these duties on a council, and sets out the expectations on how a council will perform these duties.

There are other provisions within Part 6 of the Bill such as powers for the Auditor General for Wales to carry out special inspections of a council; powers for the Welsh Ministers to provide support and assistance to a council with a view to improving its performance; and powers for the Welsh Ministers to intervene in a council which is not, or may not be, meeting the performance requirements. These aspects of the Bill are also described in this guidance, with any duties placed on councils in these provisions explicitly stated.

The guidance is set out as follows:

Chapter 1 - describes the policy context within which the performance and governance duties are set and the purpose of the duties.

Chapter 2 - explains the duty to keep performance under review; the duty to consult local people and others on performance; and provides guidance on the duty to report on performance, specifically through self-assessment.

Chapter 3 - provides guidance on the duty to arrange, and respond to a panel performance assessment.

Chapter 4 - describes the Auditor General for Wales' power to carry out a special inspection; the duty of a council to respond to any recommendations for actions it should take; and the duty of Welsh Ministers to respond to any recommendations for actions they should take.

Chapter 5 - describes the powers and duties for both Welsh Ministers and councils in relation to supporting and assisting with improving performance; and powers for

intervention by Welsh Ministers where Ministers consider that it is likely that the council is not, or that the council is not, meeting the performance requirements.

Chapter 1 - Policy context and purpose of performance regime set out in the Local Government and Elections (Wales) Bill

Policy context

- 1.1 Principal councils are democratically accountable for the performance of their services, including their governance arrangements. They are supported through external audit, inspection and regulatory bodies who have a key role in assuring the quality of our public services in Wales.
- 1.2 The Local Government and Elections (Wales) Bill replaces the current improvement duty for principal councils set out in the Local Government (Wales) Measure 2009. The new approach as set out in the Bill is designed to be a more streamlined, flexible, sector-led approach to performance, good governance and improvement. The intention is for councils to be proactive in considering how internal processes and procedures should change to enable more effective planning, delivery and decision-making to drive better outcomes.
- 1.3 The performance and governance provisions in the Bill are framed within the wider sustainable development duties of the Well-being of Future Generations (Wales) Act 2015, which sets out a legally binding common purpose for the public bodies subject to that Act to improve the social, economic, environmental and cultural well-being of Wales. It sets out seven well-being goals which these public bodies must work towards collectively and five ways of working to guide how public bodies should deliver.
- 1.4 The Well-being of Future Generations Act provides the context within which councils should be exercising their functions, using their resources and ensuring their governance is effective, with the aim of maximising their contribution to the well-being goals.
- 1.5 Additionally, the ethos of the performance and governance provisions within the Bill align to the Socio-economic Duty, which will come into force on 31 March 2021. This duty will require principal councils, when taking strategic decisions such as 'deciding priorities and setting objectives', to consider how their decisions might help to reduce the inequalities associated with socio-economic disadvantage - driving better outcomes on people's lives and experiences through better decision making and further contributing towards our shared goal of becoming "a more equal Wales".

Well-being goals as set out in the Well-being of Future Generations (Wales) Act 2015

Goal	Description of the goal
A prosperous Wales	An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work
A resilient Wales	A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).
A healthier Wales	A society in which people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
A more equal Wales	A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).
A Wales of cohesive communities	Attractive, viable, safe and well-connected communities.
A Wales of vibrant culture and thriving Welsh language	A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.
A globally responsible Wales	A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

Five ways of working



Long term

The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.



Prevention

How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.



Integration

Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.



Collaboration

Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.



Involvement

The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

Purpose of the performance and governance provisions

- 1.6 The purpose of the performance and governance provisions in the Bill is to support a culture in which councils actively seek and embrace challenge, whether presented from within the council, for example through scrutiny procedures, or externally. The provisions are designed to provide a framework which supports councils, through an ongoing process of review, to think about their performance and effectiveness now and for the future; to encourage more inquisitive organisations willing to challenge themselves to do more, to be more innovative and more ambitious in what they do.
- 1.7 The provisions reflect the principles that for any organisation to be effective it needs to understand its current position, it must be clear on where it wants to go, and have a robust plan as to how it will get there. A truly effective organisation is never satisfied by current standards, even if they are good or excellent, but driven to do more.
- 1.8 The provisions build reflection on performance and actions to improve into the system. This is not intended to be onerous or burdensome, but to ensure councils are reflecting on and ensuring long term sustainability to deliver effective services for their communities.
- 1.9 Improvement in this context is the council's ability to deliver against immediate priorities and remain capable to respond to the changing environment in which it

operates. It is about the council's ability to consider how its internal processes and people operate in order to make effective decisions for the long term, working with the communities they serve in all their diversity, and how it will go about improving these in order to make better decisions and drive better outcomes for all.

1.10 Councils should always be striving to do better, not just satisfying targets or minimum duties but exceeding expectations, ensuring they are achieving the right outcomes and delivering what people want. Sharing and learning from best practice, and aiming to be better (even if best in class) should be an implicit part of a council's approach.

1.11 For example, under the Housing (Wales) Act 2014, a local authority is required to provide support where a person is threatened with homelessness within 56 days. Whilst this is the legal minimum, councils, and partner agencies such as housing associations, should, in the delivery of their existing functions, have due regard to how these functions can be used to support the provision of adequate housing; aiming to intervene much earlier than the legislation requires.

1.12 Areas for improvement should be looked at honestly, and actively pursued to ensure problems are prevented or dealt with early before they become systemic. Such an approach should be an integral part of the system of how councils operate. For example, council executives should welcome and encourage scrutiny inquiries to make recommendations for system improvements, and Governance and Audit Committees will play a key role in the performance and governance regime. The aim is to support councils to build on existing strengths and to support them to achieve a more innovative, open, honest, transparent and ambitious sector, challenging itself and collectively driving up service delivery outcomes and standards across Wales.

1.13 Enabling and supporting cultural and organisational change within local government through the performance and governance provisions in the Local Government and Elections (Wales) Bill will help to ensure strong councils, capable of achieving their well-being objectives and maximising their contribution to the national well-being goals.

The wider regulatory environment

1.14 The performance and governance provisions contained in the Bill will align with audit, regulatory and partnership arrangements.

1.15 Partners' individual responsibilities in relation to the performance and governance regime are broadly outlined below. Some of these are statutory powers and duties, contained in the Local Government and Elections (Wales) Bill or other pieces of legislation, and some stem from non-statutory arrangements.

Principal councils are responsible for:

- Conducting robust self-assessments and reporting on the extent to which the council is meeting the performance requirements.
- Setting out any actions to increase the extent to which the council is meeting the performance requirements, including, for example, the role of scrutiny in challenging and driving the extent to which the performance requirements are being met.
- Commissioning panel performance assessments at least once during the period between two consecutive ordinary elections of councillors to the council.
- Seeking support / challenge from peers and partners where and when necessary, and consulting staff, local people and trades unions about the extent to which the council is meeting the performance requirements.

Welsh Local Government Association (WLGA) is responsible for:

- Supporting councils on a local, regional and national level.
- Providing early intelligence and sector-led support to address areas for improvement identified through, for example, self-assessment, panel performance assessment or audit, inspection and regulator reports.

Audit Wales¹ is responsible for:

- Co-ordinating their own work and that of other regulators.
- Auditing of accounts.
- Examining how public bodies manage and spend public money, including but not limited to their arrangements for securing value for money in the use of resources and making recommendations to improve the value for money of local government.
- Assessing the extent to which councils are acting in accordance with the sustainable development principle under the Well-being of Future Generations (Wales) Act 2015.
- Carrying out 'Special Inspections' as provided for in the Local Government and Elections (Wales) Bill.
- Making appropriate recommendations to principal councils and to the Welsh Ministers.

¹ Audit Wales is the trademark of two legal entities: the Auditor General for Wales and the Wales Audit Office. Each has its own particular powers and duties. The Auditor General audits and reports on Welsh public bodies. The Wales Audit Office provides staff and other resources for the Auditor General's work, and monitors and advises the Auditor General.

Care Inspectorate Wales (CIW) is responsible for:

- Encouraging improvement in the delivery of social services and social care.
- Regulation and inspection of social care services including review of local authority social services functions under the Regulation and Inspection of Social Care (Wales) Act 2016 and the Social Services and Wellbeing (Wales) Act 2014.
- Advising Ministers on the possible use of their powers of intervention and monitoring visits to local authorities as required and agreed by the Minister.
- Providing professional advice to Welsh Ministers.

Estyn is responsible for:

- Inspecting, evaluating and reporting on local authorities' performance in relation to their duties as described by sections 38 to 41 of the Education Act 1997, sections 75, 76, 123 and 127 of the Learning and Skills Act 2000 and sections 25, 26 and 51 of The Children Act 2004.
- Making appropriate recommendations to local authorities and to the Welsh Ministers to support improvement.

1.16 Local government, Welsh Government and auditors, inspectors, regulators and commissioners work together to drive improvement, share intelligence, raise cases of possible concern and agree approaches to support improvement. Building this shared understanding is key to ensuring a clear focus for consistent and sustained improvement.

1.17 Principal councils should use the findings of scrutiny committees, auditors, inspectors, regulators and commissioners on how a council is delivering its functions and governing itself to inform its self-assessment, and likewise the panels undertaking a performance assessment may also use this evidence to inform their recommendations.

1.18 However, it is important that self-assessment and panel performance assessment do not simply duplicate what has already been identified through scrutiny, audit, inspection and regulator reports. The focus should be on a shared understanding of what all of these sources collectively reveal and, most importantly, the action to be taken as a result. Self-assessments and panel performance assessments do not, in any way, substitute or replace the role of Auditors, Inspectors or Regulators.

1.19 Self-assessment and panel performance assessment of how the council is meeting the performance requirements should also be informed by, but not duplicate, other performance arrangements in specific service areas.

1.20 For example, the *Code of practice in relation to the performance and improvement of social services*² sets out the vision for social services in Wales and how improvements in services and for individuals will be supported, measured and sustained by local authorities. The self-assessment process set out in this guidance will not require councils to look again in detail at the social services function, but the evidence arising from the *Code of practice* will inform the broader strategic level understanding of how the council is operating as a whole, is using its resources and delivering for the people in its area. Similarly, reforms to evaluation, improvement and accountability arrangements for schools have highlighted the importance of robust and continuous self-evaluation for all tiers of the education system. For principal councils, this means evaluating the effectiveness and impact of their services to support schools, which can also be used to inform its wider self-assessment.

Support for improvement

- 1.21 Keeping under review the extent to which it is meeting the performance requirements is just one part of a council's improvement journey.
- 1.22 The self-assessment and panel performance assessment a council undertakes can inform when and how to engage with any and all improvement support available to increase the extent to which it is meeting its performance requirements.
- 1.23 Ultimately the ambition is to enable councils to identify and resolve issues before any formal, statutory support or intervention is required. However, the Bill does contain a power for the Auditor General for Wales to carry out a special inspection where there are concerns that a council is not, or may not be, meeting the performance requirements. The Bill also makes provision for the Welsh Ministers to provide support and, where necessary, intervene in councils facing significant problems.

² [Social Services and Well-being \(Wales\) Act 2014: Code of practice in relation to the performance and improvement of social services in Wales \(Welsh Government, 2020\)](#)

Chapter 2 - Duty to keep performance under review and report on performance through self-assessment

Introduction

- 2.1 This chapter of guidance is about the duty on a principal council to keep its performance under review and consult local people and others on the extent to which it is meeting the performance requirements.
- 2.2 It also addresses the provisions relating to self-assessment within the Local Government and Elections (Wales) Bill. This chapter of guidance should be read by a council to support the discharge of its duty to keep its performance under review and its duty to report on its performance through a self-assessment report. The guidance here reflects the minimum requirements for self-assessment, recognising that councils are best placed to build on this to develop the detail of their own approach.
- 2.3 The findings of the self-assessment should be used to inform and identify areas where improvement or change might be needed and where sector-led support might be valuable.

Duty of principal council to keep its performance under review

- 2.4 The Local Government and Elections (Wales) Bill requires each council to keep under review the extent to which it is fulfilling the ‘performance requirements’, that is the extent to which it is:-
- **exercising its functions effectively;**
 - **using its resources economically, efficiently and effectively;**
 - **has effective governance in place for securing the above.**
- 2.5 The duty to keep performance under review is intended to reflect existing substantive duties to which authorities are already subject (i.e. their “functions”). Councils operate within a statutory framework of legal duties and it is not the intention to reproduce these at length here. The performance requirements are rounded – looking at how effectively a council is operating, not only in terms of meeting individual objectives, but how it is delivering its functions, using its resources and governing itself.

Duty to report on performance through self-assessment

- 2.6 The mechanism for a council to keep its performance under review is self-assessment, with a duty to publish a report setting out the conclusions of the self-assessment once in respect of every financial year. Self-assessment will be complemented by a panel performance assessment once in an electoral cycle, providing an opportunity to seek external insights (other than from auditors, regulators or inspectors) on how the council is meeting the performance requirements.

Purpose of self-assessment

- 2.7 Self-assessment is a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more than stating what arrangements are in place; it is about considering how effective they are and how they can be improved. Self-assessment of how the council is meeting the performance requirements places ownership of performance and improvement firmly with principal councils.
- 2.8 Considering the extent to which the council is meeting the performance requirements is a corporate, organisational assessment rather than an assessment of individual services. For example, it should consider the role of leadership, and the effectiveness of the relationship between the political leadership and senior officers in the council in ensuring the council is able to respond to the changing environment in which it operates. It is about a council being self-aware, understanding whether it is delivering the right outcomes, and challenging itself to continuously improve how it performs as the custodian of the area and manages delivery of services.
- 2.9 Self-assessment can be achieved by using intelligence already held corporately in an insightful way, reflecting at a strategic level on how the council is operating, and what action is needed to ensure it can continue to provide effective services now and for the long term.

Approach to self-assessment

- 2.10 As indicated above, self-assessment ensures a council has ownership of its own performance and improvement. As such each individual council will wish to, and should be free to, determine its own approach to self-assessment, designed to fit local circumstances and corporate structures, and informed by best practice.
- 2.11 For some councils self-assessment will already form an integral part of ongoing strategic and corporate governance arrangements, and many (if not all) will have used self-assessment as part of operational management of individual services and at a corporate level.
- 2.12 At its simplest level, self-assessment of how the council is meeting the performance requirements is about asking the questions of: how well are we doing?; how do we know?; what and how can we do better? These questions should be asked in the context of the performance requirements.
- 2.13 Some key principles which a council should take into account when formulating its approach are:
- Self-assessment is not a fixed judgement. To be truly effective, embedding self-assessment throughout an organisation should be an

ongoing process, addressing issues as they are identified, responding in real time and effectively to challenges and opportunities.

- It is an opportunity for a meaningful process to contribute to strengthening local government and not an exercise in compliance.
- The self-assessment process should encourage honesty, objectivity and transparency about the council's performance and governance, including its key relationships between political leaders and officers and how these are managed.
- An effective approach would be owned and led at a strategic level, whilst involving members and officers at all levels of the organisation and a range of people across communities and partners.
- Self-assessment should be an evidence-based analysis, understanding what a range of quantitative and qualitative information at the council's disposal reveals about how it is exercising its functions, using its resources and governing itself.
- The self-assessment should be focused on outcomes, what has been achieved rather than the process and asking honest questions about the impact of the council's actions on people's lives and experiences.
- Self-assessment should not be a standalone process, but integrated as part of the council's corporate planning, performance and governance processes.

2.14 The self-assessment will necessarily draw on a range of internal and external sources, ensuring a broad evidence base to inform the actions the council will take to increase the extent to which it is meeting the performance requirements in future.

2.15 Some sources which could inform the self-assessment, and which will already be available to the council may include:-

- reports already produced by the council in response to statutory requirements, such as the annual report on progress on meeting the organisation's well-being objectives as required by the Well-being of Future Generations (Wales) Act 2015; statement of internal control required by the Accounts and Audit (Wales) Regulations 2014; annual equality reports; local authority social services annual reports etc;
- evidence from a range of inspection and regulatory sources, including reports from Estyn, Audit Wales, the Public Services Ombudsman for Wales and Care Inspectorate Wales;

- self-evaluations the council may already have undertaken in relation to specific service areas, or been involved with in relation to partnership working;
- findings of any assessment about the extent to which the council is meeting its well-being objectives, review undertaken, or advice published by the Future Generations Commissioner, and the Auditor General for Wales on how the council has acted in accordance with the sustainable development principle in setting and taking steps to achieve their well-being objectives;
- any inquiry, investigation, assessment undertaken, advice provided or recommendation by the Equality and Human Rights Commission in relation to strengthening action to tackle key inequalities;
- any reports of self-evaluation of the scrutiny function against the outcomes and characteristics for effective local government overview and scrutiny;
- performance management indicators (although the self-assessment will need to be broader than an assessment of quantitative performance indicators alone);
- staff surveys, and the outputs from any other engagement processes with staff such as trade union forums;
- compliments and complaints from both internal and external sources.

2.16 This list is not exhaustive, and councils will wish to determine for themselves what information will best inform the self-assessment and lead to evidence-based conclusions about how the council is meeting the performance requirements. It will be important for councils to consider carefully how to maximise the value of the evidence sources before them, asking questions about and interpreting the evidence to understand what it reveals and how to act upon it.

2.17 In considering the effectiveness of its governance arrangements, the council may also wish to have regard to *'Delivering Good Governance in Local Government'* produced by the Chartered Institute of Public Finance and Accountancy and SOLACE, as well as the accompanying guidance notes.

2.18 In reaching the conclusions of its self-assessment, the council must also take into account the views of the following about the extent to which the council met the performance requirements in the financial year to which the self-assessment report relates:-

- local people;
- other persons carrying on a business in the council's area;
- the staff of the council; and

- every trade union which is recognised (within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 (c.92)) by the council
- 2.19 The council can identify the cross section of staff, local people and businesses, and determine how they are consulted in the process – for example, the council may be satisfied it could be achieved through incorporating as part of a wider approach to engagement rather than as a standalone consultation, they may also wish to consider this as they take forward implementation of the requirements to produce a public participation strategy contained elsewhere in the Local Government and Elections (Wales) Bill. The key priority should be to ensure that the council involves the views of the above in reaching its conclusions of the extent to which it is meeting the performance requirements.
- 2.20 The council should gather and use intelligence to reflect the experience of, and impact on, people from different protected groups and those experiencing socio-economic disadvantage. The council may already hold relevant information as part of its Public Sector Equality Duty obligations, or the information it will use to demonstrate due regard under the forthcoming Socio-economic Duty.³
- 2.21 Whilst this is the minimum consultation in relation to how the council is performing required by the Local Government and Elections (Wales) Bill, the council may consult others as it determines will best support its own self-assessment. The council may also wish to consult partners, for example, community and town councils or other public bodies in the area to ensure a rounded view to inform its self-assessment. In considering how it is meeting the performance requirements, it would be expected an assessment of partnership working and collaboration would be undertaken as a key indicator of how a council is exercising its functions, using its resources and governing itself.

Applying the Well-being of Future Generations Act

- 2.22 The Well-being of Future Generations Act sets out a legally binding common purpose for the public bodies subject to that Act to improve the social, economic, environmental and cultural well-being of Wales. The Act sets out seven well-being goals⁴ which public bodies subject to the Act must work towards collectively:-
- A prosperous Wales
 - A resilient Wales
 - A more equal Wales
 - A healthier Wales

³ Councils should gather and use intelligence to reflect the experience of and impact on [people from different protected groups](#) and those experiencing [socio-economic disadvantage](#)

⁴ See page 8 for full definitions of the goals.

- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

2.23 Public bodies must meet their duty under the Well-being of Future Generations Act acting in accordance with the sustainable development principle, which means that they 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.

2.24 In order to show that they have acted in accordance with the sustainable development principle, a public body must take account of five ways of working:

- **Long term:** the importance of balancing short-term needs with the need to safeguard the ability to also meet long term needs.
- **Prevention:** how acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
- **Integration:** considering how public bodies' well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
- **Collaboration:** acting in collaboration with any other person (or different parts of the body itself) that could help the body meet its well-being objectives.
- **Involvement:** the importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

2.25 The Well-being of Future Generations Act provides the context within which a council should be exercising its functions, using its resources and ensuring its governance is effective, with the aim of maximising its contribution to the well-being goals. The Act sets the framework within which a council must consider its performance, in terms of service delivery, corporate capability and capacity to meet the needs of current users, without compromising the needs of future generations.

2.26 The statutory guidance⁵ on the Well-being of Future Generations Act contains a core set of activities common to the corporate governance of public bodies. These are:-

- Corporate planning
- Financial planning
- Workforce planning (people)
- Procurement
- Assets
- Risk management

⁵ [Well-being of Future Generations Act Guidance](#)

- Performance Management

2.27 Considering the seven corporate areas as a framework for the self-assessment, and applying the five ways of working to those areas, will support the council to ensure it is governing itself to maximise its contribution to the well-being goals and meet its well-being objectives.

Self-assessment report

2.28 Although the council is required to make and publish a self-assessment report once in respect of every financial year, it is for the council to determine when exactly to do this to best align with its own corporate arrangements. However, the report must be made as soon as reasonably practicable after the financial year to which it relates.

2.29 The self-assessment report must set out conclusions as to the extent to which the council met the performance requirements during that financial year, and any actions it will take, or has already taken, to increase the extent to which it will meet the performance requirements. The emphasis should be on understanding how the council is operating now, the likely demands it will face in the future, and how it can build sustainability. Beyond that, it is for the council to consider the most appropriate format for the report based on what would best fit local circumstances.

2.30 The intention is for the self-assessment report to be a learning document. It may simply be a summary of the learning which has emerged from the self-assessment, the sources that have informed the conclusions, and summary information to answer the key questions about how the council is meeting the performance requirements: how well are we doing; how do we know; and what and how can we do better.

2.31 Except in the case of the first self-assessment report, the report must also include a review of actions emerging from the previous year's report, with consideration on the progress made on those, and how they increased the extent to which the council met the performance requirements.

2.32 The council may wish to consider opportunities to integrate its self-assessment report with reports on other duties, for example it may publish its report on progress in meeting its well-being objectives as required by the Well-being of Future Generations (Wales) Act 2015 in the same document as the self-assessment. In considering opportunities to integrate self-assessment with other duties, the council will need to be satisfied however that all their statutory duties have been fully met.

Taking action on a self-assessment

2.33 Through the self-assessment the council will identify areas for action to increase the extent to which it is meeting the performance requirements, and put in place a plan to ensure this is undertaken. The self-assessment should be considered the start of the process, not an end in itself. The conclusions

may, for example, inform the corporate, well-being objectives or delivery plans, or scrutiny work plans as appropriate.

- 2.34 The council should be proactive in addressing the findings of the self-assessment. The self-assessment should inform considerations of how internal processes and procedures should change to support more effective planning, delivery and decision-making to drive better outcomes, and innovative ways to better deliver its functions.
- 2.35 Ensuring sustainability of services for the long term should be at the heart of the actions. This may involve looking to the long-term on future trends, risks and opportunities, considering alternative ways of delivering services such as use of digital technologies, or collaborating with other public and third sector bodies.
- 2.36 Where there are specific concerns arising from the self-assessment, the council can lead in identifying opportunities for self, and sector-led support or involving others as appropriate. Seeking such discussions early to actively respond is the mark of a forward thinking, open organisation intent on delivering for its communities.

Who should be involved in the self-assessment

- 2.37 The requirement to produce a self-assessment report is one for the full council or its executive (as a council may determine). As has already been covered in this guidance, councils will be required to involve a wide range of stakeholders and local people in its self-assessment. In addition, involving members from controlling and opposition groups, heads of service, the corporate performance function and employees at all levels in the self-assessment will help to embed the approach in the organisation's culture and build a rich picture to inform the assessment.
- 2.38 Scrutiny is a key part of offering constructive challenge to how a council is performing and how it organises itself in the delivery of sustainable services. The council should determine how best to involve their scrutiny committee in the self-assessment of the extent to which the council is meeting the performance requirements.
- 2.39 The council may also consider how to involve partners such as the public services board, regional partnership board etc for their area.

Involving the council's governance and audit committee

- 2.40 The council must make a draft of its self-assessment report available to its governance and audit committee. The committee must review the draft report and may make recommendations for changes to the conclusions or action the council intends to take.
- 2.41 If the council does not make a change recommended by the governance and audit committee, it must set out in the final self-assessment report the recommendation and the reasons why the council did not make the change.

Publication of self-assessment report

2.42 The self-assessment report must be published within four weeks of it being finalised in accordance with the council's agreed processes, and a copy should be made available to the council's governance and audit committee. The report should also be sent to:-

- The Auditor General for Wales
- Her Majesty's Chief Inspector of Education and Training in Wales
- The Welsh Ministers⁶

2.43 The council can, of course, share the report with any other person or organisation which the council so wishes.

⁶ This includes Care Inspectorate Wales

Chapter 3 - Duty to arrange, and respond to, a panel performance assessment.

Introduction

- 3.1 This chapter of guidance is about the requirements relating to panel performance assessment within the Local Government and Elections (Wales) Bill. The guidance here reflects the minimum requirements for panel performance assessment as set out in the Bill, recognising that councils will wish to develop the detail of their own approach.
- 3.2 The intention is for the duties in relation to panel performance assessment to come into force from the start of the next local government electoral cycle in May 2022.
- 3.3 The intention is that the performance and governance provisions in the Bill will be underpinned by a sector-led, co-ordinated approach to improvement and support. The findings and recommendations of the panel performance assessment provide an external perspective and should be used to inform and identify areas where sector-led support might be valuable. This will apply in the case of individual councils and should also inform the development and provision of any proposed improvement support nationally.
- 3.4 This chapter of guidance should be read by a principal council to support the discharge of its duties to arrange a panel performance assessment and to publish and respond to a panel performance assessment report. This chapter may also be read by panel members to guide them in carrying out a panel performance assessment. Panel members may also refer to the guidance on self-assessment to understand how councils are required to discharge their duties on self-assessment as this may usefully inform their approach to the panel assessment.

Duty of principal council to arrange panel performance assessment

- 3.5 The Local Government and Elections (Wales) Bill requires a council to make arrangements for an independent panel, appointed by the council, to assess the extent to which the council is meeting the performance requirements – a panel performance assessment. The performance requirements are defined as the extent to which the council is:-
- exercising its functions effectively;
 - using its resources economically, efficiently and effectively; and
 - having effective governance in place for securing the above.
- 3.6 This guidance sets out the purpose of the panel assessment; proposes the stages involved in an assessment; covers matters relating to the timing of a panel assessment; describes minimum requirements and considerations when appointing a panel; and covers the arrangements for responding to a panel performance assessment report.

- 3.7 Councils may of course commission support similar to a panel performance assessment for a number of other purposes, such as peer reviews on specific services or on particular themes or issues. These are all part of the council's improvement journey, and can complement but not replace the corporate, organisational level statutory panel performance assessment required by the Local Government and Elections (Wales) Bill.

Purpose of panel performance assessment

- 3.8 A panel performance assessment is just one component of a sector-led approach to performance, governance and improvement. An effective panel performance assessment can inform the council's improvement journey, building on the annual self-assessment, supporting it to look to the future through a different lens. The panel assessment should provide different perspectives; some independent, objective external challenge; and an opportunity to test thinking with impartial expert peers.
- 3.9 The panel performance assessment will assess, as the council does through self-assessment, the extent to which the council is meeting the performance requirements. It is not about checklists, it is not a form of inspection, and it is not an audit. It is about supporting the council to achieve its aspirations through developing and deepening its understanding about how it is operating, and how it can ensure it is able to offer effective services for the long term.
- 3.10 The panel are not responsible for holding the council to account, but should offer an external view of how the council is operating. This does not replace auditors, inspectors, or regulators' assurance role. This is about supporting councils to understand how they can improve the extent to which they are meeting the performance requirements.
- 3.11 It is for the council to determine how to make the most effective use of the panel performance assessment, and ensure its findings are used alongside other sources in determining its approach to corporate performance, governance and improvement.
- 3.12 Panel performance assessment is part of a culture where councils are open to and embrace challenge, whether presented from within the authority or, in this case, externally. The assessment should be seen as challenging, but constructive, an effective and proportionate approach to continuously learning how to make the council stronger.
- 3.13 Research has shown the potential value to a council in seeking a peer perspective, such as that which a panel performance assessment will provide, at a corporate, organisational level.⁷ For example, it has been found that such a peer perspective can confirm the council's own understanding of what

⁷ see Downe, J., Bottrill, I. and Martin, S. (February 2017) *'Rising to the challenge: an independent evaluation of the LGA's corporate peer challenge programme'*. Cardiff Business School: Centre for Local & Regional Government Research.

is needed and add strength to the case for change, as well as supporting or encouraging both organisational and behaviour change.

Approach to panel performance assessment

- 3.14 Each individual council will wish to, and should be free to, determine its own approach to engaging with panel performance assessment (within the broad parameters set out by the Bill).
- 3.15 Although it will ultimately be for the council and the panel to determine, we would expect a panel performance assessment to encompass:-

Stage 1 - Preparation

This stage is council-led and should include:-

- **Scoping the requirements** of the panel performance assessment. The council may wish to work with partners to do this, and consider any particular challenges that have been highlighted in their self-assessment or in recent audit, inspection or regulator reports. This will help to identify the skills and expertise required from the panel to maximise the impact of the assessment.
- **Identifying and commissioning a panel** to undertake the assessment.
- **Establishing the terms of reference** for the panel performance assessment and, once in place, agreeing the terms of reference with the chair of the panel. This will also provide an opportunity to discuss expectations and approach to the assessment.
- **Sharing relevant information** with the panel to set the context for the assessment.
- **Making practical arrangements** as required by the panel to enable them to effectively conduct the assessment.

Stage 2 – Review

This stage is largely led by the panel and should include:-

- **Desk-based review by the panel** to inform their initial thinking and decisions on the areas they wish to focus on during the site visit.
- **Discussions between the panel** and elected members, officers and other stakeholders about areas within the scope of the assessment.⁸
- **Verbal presentation of main findings by the panel.**

⁸ Panels should gather and use intelligence to reflect the experience of and impact on [people from different protected groups](#) and those experiencing [socio-economic disadvantage](#).

Stage 3 - Follow up

This stage should include:-

- The panel sending their **final report** to the council.
- The council **considering its response** to the panel assessment, including the **actions it intends to take following the learning** from the assessment.
- The council **involving its governance and audit committee** and considering any recommendations the committee makes on its response to the panel performance assessment.

Timing

- 3.16 The duty to arrange a panel performance assessment at least once during an electoral cycle means an assessment should take place in the period between ordinary elections of councillors to the council. A council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation.
- 3.17 It is for the council to choose the time during the electoral cycle when panel performance assessment is likely to be of most value to the council. The council should consider how the panel performance assessment can be best timed to align with other aspects of its corporate governance approach and other service specific inspections or assessments. The council may also wish to reflect on the timing of any reviews by the Future Generations Commissioner and examinations by the Auditor General for Wales, so that maximum value is achieved from the panel performance assessment. The council may wish to seek advice from inspectorates, regulators or Audit Wales on this point.
- 3.18 The only requirement on timing is that arrangements must enable the council to publish a panel performance assessment report at least six months before the date of the next ordinary election. Councils will wish to consider timing in relation to the code of recommended practice on local authority publicity, and not leave it too late in the cycle to enable a panel assessment to be commissioned and concluded.
- 3.19 Councils could, in theory, commission a panel performance assessment near the start of an electoral cycle and the next assessment near the end of the next electoral cycle. This could mean a gap of nine years between panel performance assessments. Whilst the approach is possible it is not encouraged, and could call into question how a council is effectively exercising its functions in relation to its performance and governance.

Preparation in advance of assessment

- 3.20 A council should not feel it has to 'prove' anything to the panel and as such preparation in advance of a panel assessment should not be overly onerous.

However, it is recognised a panel performance assessment will require some administrative resource to support the panel with practical arrangements, such as arranging meetings and focus groups, and appropriate facilities for the panel to use.

- 3.21 The panel will also wish to see key documents as part of their assessment which will require officer time to collate, but it is not envisaged this will involve the preparation of any new reports, as there should already be a range of information (including the self-assessment report) available.

Appointing a panel

- 3.22 The council is responsible for identifying panel assessors, commissioning the panel to undertake the assessment, and meeting any associated costs.
- 3.23 Selection of panel members will be key to ensuring an effective and meaningful, assessment. The council should ensure the panel has a range of practical experience, knowledge and perspectives, has integrity, objectivity and assurance that its findings will be trusted by the council. The council should also consider the importance of diversity when appointing the panel.
- 3.24 To ensure independence, panel members must have sufficient detachment from the council to reach impartial, objective conclusions about how the council is meeting the performance requirements. For example no one who is, or has recently been, a member or officer of an authority to be assessed should be considered for appointment to the panel. A panel member should not feel in any way conflicted in offering an assessment of how the council is meeting the performance requirements.
- 3.25 The panel may be drawn from across the local government sector, the wider public sector, third sector and private sector. Panel assessors can also have experience of Wales or further afield. Whilst it is important that a proportion of the panel have a good understanding of the complexity of working in a political environment and the impact that this can have on organisational culture and priorities, those with experience of other sectors and working with local government will be able to offer valuable insights.
- 3.26 To be most effective, the panel should be peer-led and have a mix of experienced senior officers, councillors and others who work with local government who can command the confidence of the council and ensure councils get the most appropriate challenge, support and constructive recommendations.
- 3.27 It would be expected that any assessment panel commissioned under the council's duties contained in the Local Government and Elections (Wales) Bill should include as a minimum:-
- An independent panel chair – not currently serving in an official or political capacity within local government

- A peer from the wider public, private or voluntary sectors
- A serving local government senior officer, likely to be equivalent to chief executive or director
- A senior elected member

3.28 The council may choose to appoint other additional members of the panel as they see fit, for example officers at other levels, more partner representatives or other external experts. The council may also wish to assign an officer to work with the panel for the duration of the assessment, to provide administrative support and co-ordinate activity across the authority.

The panel's role in carrying out a panel performance assessment

3.29 The panel, acting jointly, is required to assess the extent to which the council is meeting the performance requirements, that is, the extent to which it is:-

- exercising its functions effectively;
- using its resources economically, efficiently and effectively;
- has effective governance in place for securing the above.

3.30 In this way the panel is building on, and complementing, the self-assessments already undertaken by the council. The panel may find it helpful to refer to the guidance on self-assessment to guide their approach to undertaking the panel assessment. The panel's focus should be on looking at the current situation, and over a sufficient previous period to get a meaningful picture of the position in the council and any trends. The panel will be considering how capable the council is to respond to the changing environment in which it operates, and may be guided in its work by using the ways of working set out in the Well-being of Future Generations Act:-

- **Long term:** the importance of balancing short-term needs with the need to safeguard the ability to also meet long term needs.
- **Prevention:** how acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
- **Integration:** considering how public bodies' well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
- **Collaboration:** acting in collaboration with any other person (or different parts of the body itself) that could help the body meet its well-being objectives.
- **Involvement:** the importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

3.31 The panel may also find it helpful to consider the activities common to the corporate governance of public bodies as set out in the statutory guidance on

the Well-being of Future Generations (Wales) Act 2015⁹:-

- Corporate planning
- Financial planning
- Workforce planning (people)
- Procurement
- Assets
- Risk management
- Performance Management

3.32 Using this as a framework should guide the panel in understanding whether the council is governing itself effectively in order to maximise its contribution to the well-being goals¹⁰:-

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

3.33 This is a corporate, organisational assessment, designed to consider the extent to which the council is meeting the performance requirements and its capability to deliver effective outcomes. The panel should not be seeking to undertake deep dives or in-depth service reviews, although a panel may draw on the findings of other peer reviews or in-depth service reviews in reaching their conclusions. The panel should not be looking to audit / check the councils own self-assessments, although the approach a council takes to self-assessment may inform a panel's view on the effectiveness of its governance arrangements.

3.34 In carrying out a panel performance assessment in respect of a council, a panel must consult the following about the extent to which the council is meeting the performance requirements:

- local people;
- other persons carrying on a business in the council's area;
- the staff of the council;
- and every trade union which is recognised (within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 (c.92) by the council.

3.35 While this is the minimum required by the legislation, the panel may choose to consult or involve others as it determines relevant to its assessment of how

⁹ [Well-being of Future Generations Act Guidance](#)

¹⁰ See page 8 for full definitions of the goals.

the council is meeting the performance requirements.¹¹ The panel may, for example, seek to consult other partners involved in collaborative working with the council.

- 3.36 It is for the panel to consider how it might wish to consult in order to effectively contribute to the panel assessment process, for example utilising existing engagement mechanisms, web-based surveys, questionnaires etc. It is for the council to make the necessary arrangements to facilitate the consultation.
- 3.37 The panel will also utilise a range of other internal and external sources, ensuring a broad evidence base to inform conclusions on the extent to which the council is meeting the performance requirements and recommendations on how to improve. Suggestions of sources which could inform the assessment are included in the guidance to councils on conducting self-assessments.
- 3.38 It is envisaged an assessment could take place during a two week period, with the panel 'onsite' at the council for approximately four - five days in order to gain a thorough understanding of the working practices / arrangements. An additional week is likely to be required for the Chair to liaise with the council before the assessment and draft the assessment report following the assessment.
- 3.39 The assessment should include the following key steps for the panel, although it will be for the panel to determine and agree its approach:-
- A scoping meeting
 - Desk based research
 - Meetings with political leaders, senior officers; and discussion groups, including with staff and partners, local people, unions and representatives of local businesses.
 - Analysis of findings and agreement to conclusions
 - A meeting to present key findings
 - Preparation of the panel's report to the council setting out their conclusions.

Panel assessment report

- 3.40 Following the conclusion of a panel assessment, a panel must make a report setting out:-
- its conclusions as to the extent to which the council is meeting the performance requirements;
 - any actions the panel recommends that the council could take in order to increase the extent to which it meets the performance requirements.

¹¹ Panels should gather and use intelligence to reflect the experience of and impact on [people from different protected groups](#) and those experiencing [socio-economic disadvantage](#)

- 3.41 It is for the panel to determine the form and content of this report, although it would be expected that it would reflect the key principles of openness and transparency, and accessibility for the public and all councillors. The report must be the sole judgements and recommendations of the panel acting together.
- 3.42 The panel chair should discuss their conclusions and recommendations with the council leader and chief executive, and any others the council wish to involve (for example leaders of the opposition and political groups), to ensure that the richness of the learning from the assessment is properly conveyed.
- 3.43 The panel must send the report as soon as is reasonably practicable after it has been prepared to:-
- The council
 - The Auditor General for Wales
 - Her Majesty's Chief Inspector of Education and Training in Wales
 - The Welsh Ministers¹²

Publication of panel assessment report

3.44 It is the responsibility of the council, not the panel, to publish the panel report. As soon as reasonably practicable after receiving the report from the panel, the council must:-

- make the report available to the council's governance and audit committee; and
- publish the report.

Responding to the panel assessment report

- 3.45 The council must prepare a response to the panel performance assessment report. In its response, the council is required to state:-
- the extent to which it accepts the conclusions in the report;
 - the extent to which the council intends to follow any recommendations contained in the report; and
 - any actions it proposes to take to increase the extent to which it meets the performance requirements.
- 3.46 The conclusions and recommendations from the assessment should be used to guide the council in identifying actions it will take to increase the extent to which it is meeting the performance requirements. The report should highlight areas where self and sector-led support might be valuable. It may also reiterate something that the council is already aware of and add weight to the case for change, and / or indicate where it would be beneficial to involve others as appropriate.

¹² This includes Care Inspectorate Wales

- 3.47 In responding, a council should apply the Well-being of Future Generations (Wales) Act 2015 and formulate its response according to the five ways of working. This should apply to both *what* the council intends to do and *how* it intends to do it. Involving others in formulating its response would be the mark of a forward thinking council.
- 3.48 A council should also reflect on a panel performance assessment when undertaking its next self-assessment, to see whether the learning from the panel assessment has been put into action.

Involving the governance and audit committee

- 3.49 The council must make a draft of its response to the panel performance assessment available to its governance and audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.
- 3.50 If the council does not make a change recommended by the governance and audit committee, it must set out in the final response the recommendation and the reasons why it did not make the change.

Publication of the response to the panel assessment report

- 3.51 As soon as reasonably practicable after finalising the response, the council must publish the response and send the response to:
- The members of the panel
 - The Auditor General for Wales
 - Her Majesty's Chief Inspector of Education and Training in Wales
 - The Welsh Ministers¹³
- 3.52 The response to a panel assessment report must be published at least four months before the next ordinary election of councillors to the council is due to take place.

¹³ This includes Care Inspectorate Wales

Chapter 4 - Special inspections by the Auditor General for Wales

Introduction

4.1 Over and above the system of self-assessment, panel performance assessment and reporting, the performance and governance provisions in the Local Government and Elections (Wales) Bill provide for a special inspection of a principal council to be carried out by the Auditor General for Wales. This chapter describes powers for special inspections of councils, sets out how a decision to undertake a special inspection is taken, and describes the duties of councils and the Welsh Ministers to respond to special inspection reports.

Power to carry out a special inspection

4.2 The purpose of a special inspection is to support a council in meeting, or increasing the extent to which it is meeting, the performance requirements.

4.3 If the Auditor General for Wales considers that a council is not, or may not be meeting, the performance requirements, the Auditor General may carry out a special inspection. This inspection is to assess the extent to which the council is meeting the performance requirements, that is, the extent to which it is:-

- exercising its functions effectively;
- using its resources economically, efficiently and effectively;
- has effective governance in place for securing the above.

4.4 Welsh Ministers can also request the Auditor General to consider whether a council is not, or may not be, meeting the performance requirements; and whether to carry out a special inspection.

4.5 The Auditor General must consult the Welsh Ministers before determining whether to carry out a special inspection of a council, unless the Welsh Ministers made the request as outlined above.

4.6 The Auditor General must also give notice in writing to the council of the intention to carry out a special inspection specifying:-

- the reasons for considering the council is not or may not be meeting the performance requirements; and
- the matters the Auditor General intends to inspect (although the Auditor General is not restricted to inspecting only the matters specified in the notice).

4.7 Following a special inspection, the Auditor General must make a report setting out:-

- conclusions as to the extent to which the council is meeting the performance requirements; and
- any actions it is recommended the council or Welsh Ministers take to increase the extent to which the council meets the performance

requirements and/or improve the effectiveness of local government for the area.

- 4.8 The Auditor General must, as soon as reasonably practicable, publish the report and send the report to:-
- the principal council to which it relates;
 - Her Majesty's Chief Inspector of Education and Training in Wales;
 - The Welsh Ministers¹⁴
- 4.9 A council in receipt of a special inspection report must make the report available to its governance and audit committee as soon as reasonably practicable.
- 4.10 If the report deals with the administration of housing benefit by the council, the Auditor General may send the report to the Secretary of State.

Duty to respond to Auditor General's recommendations – principal council

- 4.11 A council in receipt of a special inspection report by the Auditor General for Wales has a duty to respond to the recommendations.
- 4.12 The response must state what action, if any, the council intends to take in response to the recommendations. The council must make a draft of the response available to its governance and audit committee, which must review the draft response and may make recommendations for changes to the draft. If the council does not make a change recommended by the governance and audit committee, the council must set out in the response both the recommendation and the reasons why it did not make the change.
- 4.13 The response must be sent to the Auditor General within 30 days of the council receiving the report, unless the Auditor General specifies a longer period in writing.
- 4.14 The council must, as soon as reasonably practicable after sending the response to the Auditor General, publish the response and send it to:-
- Her Majesty's Chief Inspector of Education and Training in Wales;
 - The Welsh Ministers¹⁵

Duty to respond to Auditor General's recommendations – Welsh Ministers

- 4.15 If a special inspection report made by the Auditor General contains recommendations for action to be taken by the Welsh Ministers, the Welsh Ministers must prepare a response to the recommendations.
- 4.16 The Welsh Ministers' must publish their response as soon as reasonably practicable and send it to:-

¹⁴ This includes Care Inspectorate Wales

¹⁵ This includes Care Inspectorate Wales

- The Auditor General;
- The principal council to which the Auditor General's report relates; and
- Her Majesty's Chief Inspector of Education and Training in Wales.

Chapter 5 – Support and assistance with improving performance, and intervention by Welsh Ministers

Introduction

- 5.1 The Local Government and Elections (Wales) Bill makes provision for Welsh Ministers to provide support and assistance to councils, and where necessary to intervene where a council is facing significant problems.
- 5.2 This chapter describes powers for Welsh Ministers to provide statutory support and assistance, and is distinct from any informal sector-led support available to councils. Self-assessment and panel performance assessment should assist councils in identifying issues early, access sector-led support to address issues, and avoid more formal statutory support.
- 5.3 This chapter also describes powers for statutory intervention by Welsh Ministers to increase the extent to which a council is meeting the performance requirements. Statutory intervention in a council is an action of last resort. Welsh Ministers will endeavour to work with a council and other partners to offer support to allow councils to deal with issues in an appropriate and timely manner to ensure they do not become critical or crisis issues.
- 5.4 The purpose of the support and intervention powers is to secure good governance and the delivery of effective local government, not to effect substantive change to the underlying functions of a council.

Support and assistance by the Welsh Ministers

- 5.5 Welsh Ministers are able to provide support to a council to address difficulties they are facing in meeting the performance requirements. This support will be bespoke and designed for the specific issues or circumstances causing concern. In this way the support and assistance would be tailored to best meet the specific needs of the council.
- 5.6 A council may ask Welsh Ministers to consider providing support and assistance and such a request would be the mark of a forward thinking, open organisation intent on delivering for its communities.
- 5.7 Welsh Ministers can also provide support and assistance in the absence of a request from a council, in order to increase the extent to which a council meets the performance requirements.
- 5.8 The Welsh Ministers must consult the council about the support and assistance they intend to provide.
- 5.9 Welsh Ministers can direct a council to provide support and assistance to another council if considered appropriate to increase the extent to which the council receiving support meets the performance requirements.

5.10 Before making a direction both councils would be consulted and all the circumstances would be taken into consideration.

Powers of the Welsh Ministers to intervene in a principal council

5.11 Welsh Ministers may direct a council to take specific actions and may also direct that a function of a council be performed by the Welsh Ministers or their nominee.

5.12 The Bill includes conditions on when and how Welsh Ministers can give an intervention. These state that Welsh Ministers must:-

- have provided or attempted to provide support and assistance to the council;
- have consulted such persons as they consider appropriate; and
- have notified the relevant council that they intend to give the direction.

5.13 However, if Welsh Ministers consider there is an urgent need to give a direction these conditions would not apply.

5.14 Welsh Ministers would approach each situation on its own merits when determining whether statutory support or statutory intervention is necessary, taking account of a full range of evidence.

5.15 The Welsh Ministers may direct a council to co-operate with the Welsh Ministers, or with another council it directs to give support and assistance. The supported council must give access to its premises, documents, other information and facilities and assistance for the purposes of providing support and assistance (unless prohibited from doing so by any enactment or rule of law).

5.16 The Welsh Ministers may direct a council to take a specified step, and/or may direct that a function be performed by the Welsh Ministers or their nominee.

Mae tudalen hwn yn fwriadol wag

Adroddiad i'r: Pwyllgor Llywodraethu Corfforaethol ac Archwilio

Dyddiad y Cyfarfod: 21 Ionawr 2021

Aelod/Swyddog Arweiniol: Y Cyng. Hugh Evans, Arweinydd y Cyngor

Awdur yr Adroddiad: Gary Williams, Pennaeth Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd

Teitl: **Bil Llywodraeth Leol ac Etholiadau (Cymru) 2021**

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad yn sôn am Fil Llywodraeth Leol ac Etholiadau (Cymru) 2019 (y Bil) sydd wedi'i basio gan y Senedd ac sydd ar hyn o bryd yn aros am Gydsyniad Brenhinol.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

Briffio aelodau ynghylch prif ddarpariaethau'r Bil fel y'i pasiwyd gan y Senedd, ac i roi gwybod iddynt am y newidiadau y bydd yn rhaid i'r Cyngor eu gweithredu.

3. Beth yw'r Argymhellion?

Y dylai'r aelodau ystyried cynnwys yr adroddiad hwn a rhoi sylwadau ar y cynigion ynghylch ymgysylltu'n ehangach gydag aelodau etholedig a gweithredu'r Bil.

4. Manylion am yr Adroddiad

Cyflwynwyd y Bil yn y Senedd am y tro cyntaf yn Nhachwedd 2019, ac fe'i pasiwyd ar 18 Tachwedd 2020. Mae'r Bil ar hyn o bryd yn aros am Gydsyniad Brenhinol, a ddisgwylir yn gynnar yn 2021. Mae'r Bil yn ddarn sylweddol o ddeddfwriaeth sy'n cynnwys 176 adran ac 14 atodlen, yn cwmpasu ystod eang o bynciau, yn cynnwys diwygio etholiadol, cyfranogiad cyhoeddus, llywodraethu a pherfformiad a gweithio'n rhanbarthol. Mae sawl diwygiad yn y Bil. I grynhoi, mae'r Bil yn cyflwyno:

Diwygiadau i drefniadau etholiadol ar gyfer llywodraeth leol, yn cynnwys:

- ymestyn yr hawl i bleidleisio i bobl 16 ac 17 oed, a dinasyddion tramor sy'n preswyllo'n gyfreithlon yng Nghymru,
- galluogi cynghorau i ddewis systemau pleidleisio 'cyntaf i'r felin' neu 'bleidlais sengl drosglwyddadwy'
- Newid cylchred etholiadol y prif gynghorau o bedair blynedd i bum mlynedd
- Caniatáu i staff cyngor nad oes cyfyngiadau gwleidyddol arnynt sefyll etholiad yn eu hawdurdod lleol eu hunain (ond byddai'n rhaid iddynt ymddiswyddo pe caent eu hethol)
- Dileu Ffioedd Swyddogion Canlyniadau ar gyfer etholiadau lleol

Cyflwyno pŵer cymhwysedd cyffredinol;

- Bydd gan "awdurdodau lleol cymwys", sy'n cynnwys y prif gynghorau, a "chynghorau cymuned cymwys" bŵer cymhwysedd cyffredinol.
- Cyfyngiadau – Ni all awdurdod wneud dim o dan y pŵer cyffredinol sy'n waharddedig ar hyn o bryd, nac unrhyw beth a allai gael ei wahardd yn benodol mewn deddfwriaeth yn y dyfodol.
- Diddymu 'pŵer llesiant' Deddf Llywodraeth Leol 2000.

Diwygiadau i gyfranogiad cyhoeddus mewn llywodraeth leol:

- Dyletswydd i annog pobl leol i gymryd rhan mewn llywodraeth leol (a chynhyrchu strategaeth i'r diben hwnnw);
- Dyletswydd i greu cynllun deisebau (a diddymu pleidleisiau cymunedol);
- Dyletswydd i ddarlledu cyfarfodydd penodol;
- Mwy o hyblygrwydd o ran aelodau'n ymbresenoli o bell.
- Dyletswydd i gynhyrchu canllaw i Gyfansoddiad y Cyngor mewn iaith bob dydd.

Diwygiadau o ran llywodraethu democrataidd ac arweinyddiaeth, yn cynnwys:

- Creu swyddogaeth statudol 'Prif Weithredwr' (yn hytrach na Phennaeth Gwasanaeth Cyflogedig) gyda dyletswyddau penodol;
- penodi cynorthwyr i'r cabinet a chaniatáu i arweinwyr neu aelodau cabinet rannu swyddi;
- cyflwyno cynllun i alluogi swyddi anweithredol, megis cadeirio pwyllgorau, i gael eu rhannu.
- diweddarau darpariaethau absenoldebau teuluol yn unol â'r rhai sydd ar gael i weithwyr (via rheoliadau);
- ei gwneud yn ofynnol i arweinwyr grwpiau gwleidyddol hyrwyddo a chynnal safonau uchel o ymddygiad ymysg aelodau'u grwpiau.
- Grym i Weinidogion Cymru gyflwyno canllawiau statudol ar gydraddoldeb ac amrywiaeth y bydd yn rhaid i Arweinwyr Cyngorau eu hystyried.

Gweithio ar y Cyd:

- Grym i gynghorau gychwyn sefydlu Cyd-bwyllgorau Corfforaethol (CJCs) yn cwmpasu unrhyw swyddogaethau;
- Grym i Weinidogion sefydlu CJCs yn cwmpasu pedair swyddogaeth, sef llesiant economaidd, cludiant, cynllunio strategol a gwella ysgolion.
- Grym i Weinidogion Cymru gylchredeg canllawiau statudol ar weithio ar y cyd y bydd yn rhaid i gynghorau eu hystyried.

Diwygio'r gyfundrefn perfformiad a llywodraethu:

- Dyletswydd i gadw 'gofynion perfformiad' dan adolygiad
- Arolwg budd-ddeiliaid blynyddol
- Diddymu dyletswyddau Mesur 2009, gan gyflwyno hunanasesiad ac asesiad panel (adolygiad gan gymheiriaid) yn lle dyletswyddau archwilio ac adrodd;
- Diwygiadau i Bwyllgorau Archwilio, eu hailenwi'n Bwyllgorau Llywodraethu ac Archwilio, a rhagnodi aelodaeth a chadeirydd.
- Grymoedd Archwilydd Cyffredinol i gynnal 'archwiliadau arbennig'

Uno ac ailstrwythuro ardaloedd y prif gynghorau.

- Gellid gweithredu uno'n wirfoddol y prif ardaloedd drwy reoliadau
- Gallai'r prif gynghorau wneud cynigion diddymu
- Grym i Weinidogion Cymru wneud 'rheoliadau ailstrwythuro' mewn amgylchiadau penodol

Mae darpariaethau 'Dod i Rym' y Bil yn gymhleth, gyda rhai darpariaethau'n dod i rym ddyddiau ar ôl cael Cydsyniad Brenhinol, ac eraill o fewn deufis, a'r mwyafrif drwy Offeryn Statudol Gweinidogol. Ni fydd rhai darpariaethau'n dechrau tan ar ôl yr etholiadau llywodraeth leol ym mis Mai 2022.

Hefyd, nid oes amheuaeth na fydd nifer o ymarferion ymgynghori a gynhelir naill ai ar reoliadau drafft a wneir dan y Bil, neu ganllawiau statudol a gynhyrchir, fel sy'n ofynnol gan y Bil, y bydd yn rhaid i'r Cyngor ei ystyried. Disgwylir y bydd o leiaf 5 set o ganllawiau statudol

a sawl set o reoliadau yn cael eu cyflwyno yn ystod y flwyddyn i ddod, gyda phob un yn destun ymarfer ymgynghori.

Mae un ymarfer ymgynghori eisoes wedi digwydd ar fater Rheoliadau Sefydlu drafft ar gyfer creu Cyd-bwyllgor Corfforaethol ar gyfer gogledd Cymru, a oedd yn gofyn am ymateb erbyn 4 Ionawr 2021. Mae copi o ymateb y Cyngor i'r ymgynghoriad i'w weld yn Atodiad 1.

Ar hyn o bryd hefyd, y mae ymgynghoriad agored ar ganllawiau statudol i'w gynhyrchu mewn perthynas â'r darpariaethau Perfformiad a Llywodraethu yn Rhan 6 (Perfformiad a Llywodraethu) y Ddeddf, sy'n gwahodd ymatebion erbyn 3 Chwefror 2021. Mae hyn yn destun adroddiad ar wahân.

Mae nifer o gyfleoedd briffio wedi'u nodi ar gyfer gwahanol fforymau o fewn y Cyngor yn nhermau gweithredu'r Bil yn benodol ac yn gyffredinol, yn cynnwys y Pwyllgor Llywodraethu Corfforaethol ac Archwilio, y Pwyllgor Safonau, y Pwyllgor Gwasanaethau Democrataidd, ac efallai sesiwn friffio ar gyfer y Cyngor.

Bydd sawl agwedd ar y Bil yn gofyn am wneud newidiadau i Gyfansoddiad y Cyngor, ac mae'n rhaid cyflwyno'r rhain i'r Pwyllgor Llywodraethu Corfforaethol ac Archwilio a'r Cyngor eu cymeradwyo. Oherwydd natur dameidiog cychwyn y darpariaeth, mae'n debyg y bydd yn rhaid gwneud hyn mewn ffordd dameidiog hefyd.

Bydd gan aelodau'r Pwyllgor ddiddordeb penodol yn y newidiadau a gyflwynir mewn perthynas â'i aelodaeth a'i drafodion. Mae'r Bil yn gofyn i'r Pwyllgor gael ei ailenwi'n Bwyllgor Llywodraethu ac Archwilio. Rhaid i ddau draean aelodau'r pwyllgor fod yn aelodau etholedig, a'r traean arall yn llyegwyr annibynnol. Rhaid i'r Pwyllgor benodi Cadeirydd y mae'n rhaid iddynt fod yn un o'r llyegwyr annibynnol, a Dirprwy Gadeirydd na all fod yn aelod o'r weithrediaeth (y Cabinet) nac yn gynorthwyydd i'r weithrediaeth. Bydd yn rhaid i'r Cyngor, felly, gynnal ymgyrch recriwtio er mwyn penodi aelodau llyeg annibynnol i'r Pwyllgor gan y byddai aelodaeth bresennol y Pwyllgor yn anghydnaws â'r gofynion newydd.

Mae'r Bil hefyd yn diwygio swyddogaethau'r Pwyllgor fel y'u disgrifiwyd yn flaenorol ym Mesur Llywodraeth Leol (Cymru) 2011. Mae'r rhain yn cynnwys y swyddogaeth a gyflawnir gan y Pwyllgor yn narpariaethau asesu perfformiad y Bil, a ddisgrifir yn fanylach mewn adroddiad ar wahân. Mae'r Bil hefyd yn ychwanegu'r swyddogaeth o adolygu, asesu, a gwneud adroddiadau ac argymhellion mewn perthynas â gallu'r Cyngor i ddelio â chwynion yn effeithiol.

Bydd y darpariaethau sy'n gysylltiedig ag aelodaeth a thrafodion y pwyllgor yn dechrau ar ddyddiad a bennir gan Weinidogion Cymru mewn gorchymyn a wneir drwy offeryn statudol. Ni wyddys eto, felly, pa bryd y daw'r darpariaethau hyn i rym.

Mae'n debygol y bydd amrywiol ddarpariaethau'r Bil yn gofyn am i swm sylweddol o waith gael ei wneud ar draws gwahanol rannau o'r Cyngor, a bydd hynny'n gofyn am fewnbwn gwleidyddol. Gwahoddir safbwyntiau'r aelodau ar greu gweithgor aelodau / swyddogion i oruchwylio gweithredu'r Bil.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Nid oes angen gwneud penderfyniad. Rhoi gwybod i gynghorwyr beth yw prif ddarpariaethau'r Bil a holi am eu barn ynghylch cyfranogiad ehangach gan aelodau yw unig bwrpas yr adroddiad.

6. Faint fydd hyn yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?

Nid oes costau'n uniongyrchol gysylltiedig â'r adroddiad hwn. Mae'n debygol y bydd costau'n gysylltiedig â gweithredu'r Bil. Fodd bynnag, ar hyn o bryd, mae'n anodd cyfrifo'r swm yn absenoldeb canllawiau a rheoliadau manwl.

7. Beth yw prif gasgliadau'r Asesiad Effaith ar Les?

Nid oes asesiad effaith wedi'i gynnal yng nghyswllt yr adroddiad hwn.

8. Pa ymgynghoriadau a gynhaliwyd gydag Archwilio ac eraill?

Cynhaliwyd sesiwn frifio gydag aelodau etholedig ar ôl i'r Bil gael ei gyflwyno, a chyflwynwyd ymateb i ymarferiad ymgynghori Llywodraeth Cymru yn Ionawr 2020. Cynhaliwyd ymarferiad ymgynghori pellach yn ddiweddar yng nghyswllt y rheoliadau drafft ar gyfer sefydlu Cydbwyllgor Corfforaethol y cynhaliwyd sesiwn frifio i aelodau yn ei sgil, gan esgor ar yr ymateb sydd ynghlwm yn Atodiad 1. Ymgynghorir â'r Grŵp Cadeiryddion ac Is-Gadeiryddion Archwilio a'r Pwyllgor Llywodraethu Corfforaethol ac Archwilio dan gwmpas arall ynghylch canllawiau statudol drafft a gyflwynir yn Rhan 6 y Bil.

Ymgysylltir ac ymgynghorir ymhellach â'r aelodau wrth i amrywiol ddogfennau offerynnau statudol a chanllawiau statudol gael eu cynhyrchu gan y llywodraeth.

9. Datganiad y Prif Swyddog Cyllid

Fel y nodwyd uchod, nid oes costau uniongyrchol o ganlyniad i'r adroddiad hwn. Fodd bynnag, fe fydd goblygiadau ariannol a ddaw'n glir wrth i'r ddeddfwriaeth gael ei gweithredu. Mae'n debyg mai'r effaith uniongyrchol gyntaf fydd yr angen i ddarparu adnoddau i unrhyw strwythurau newydd i sicrhau llywodraethu cywir (e.e. cefnogaeth i adrannau ariannol, cyfreithiol ac AD). Bydd hefyd yn bwysig fod maint a strwythur gwasanaethau'n cael eu rheoli'n ofalus os bydd swyddogaethau a chyfrifoldebau'n cael eu trosglwyddo i gyrff rhanbarthol. Caiff y goblygiadau ariannol eu monitro'n ofalus dros y misoedd a'r blynyddoedd i ddod, a byddant, os bydd angen, yn ffurfio rhan o gynigion cyllidebau yn y dyfodol.

10. Pa risgiau sy'n bodoli ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Nid oes unrhyw risgiau'n deillio'n uniongyrchol o'r adroddiad hwn. Bydd gwerthfawrogiad manylach o'r risgiau yn datblygu wrth i ragor o fanylion ddod i'r amlwg ynghylch yr offerynnau statudol a'r dogfennau canllaw a gynhyrchir o dan y Bil. Bydd cynllunio a chydlynu effeithiol yn lliniaru'r risg y gallai'r Cyngor fethu gweithredu'n briodol yr amrywiol newidiadau y mae'r Bil yn gofyn amdanynt.

11. Y grym i wneud y penderfyniad

Nid oes angen gwneud penderfyniad.

**Consultation Response
Form**

Your name: Gary Williams

Organisation (if applicable):
Denbighshire County
Council

Email / telephone number:
gary.williams@denbighshir
e.gov.uk

Your address:

The elected members of Denbighshire County Council have considered the consultation document relating to the draft regulations for the establishment of Corporate Joint Committees (CJCs) and have authorised the following response.

In response to the consultation exercise conducted at the beginning of 2020 in respect of the draft Local Government and Elections (Wales) Bill, Denbighshire County Council expressed its opposition to the creation of CJCs by Welsh Ministers in the absence of a request from two or more local authorities for such a body to be created.

The Council considers the mandatory imposition of CJCs to be unacceptable and is disappointed that Welsh Ministers have chosen to proceed with mandatory CJCs as the Council considers this to be a dilution of local democratic accountability.

The proposals appear to create a whole new tier of government which is one step removed from the electorate and has the potential to create an additional layer of bureaucracy which will be seen by many, in these unprecedented times, to be a distraction from the urgent priority to help residents and businesses back on their feet after the massive disruptive impact on their lives and livelihoods that has been the Coronavirus pandemic.

The Council is concerned by the potential for capacity to be drained out of local authorities at both officer and senior member level to create what are in effect new local authorities when the organisation should be wholly focussed on pandemic response and recovery.

Local authorities in North Wales have demonstrated their ability to work collaboratively in order to improve the lives of their residents on numerous occasions, most recently through the completion of the North Wales Growth Deal. The Council does not believe that the imposition of CJCs is either necessary or desirable. The creation of CJCs should only be possible following a request by two or more authorities where they consider that this model would provide a more effective and efficient delivery vehicle than others at their disposal.

The Council has provided answers to the questions set out in the consultation document but this should not be taken to imply that the Council is in favour of the mandatory introduction of CJCs.

Summary of consultation questions

Consultation Question One:

a) What are your views on CJs being subject to broadly the same powers and duties as principal councils?

If CJs are to be created, then it is sensible that they are subject to broadly the same powers and duties as principal councils. Commonality and consistency in how many of these powers and duties apply will assist the transition of functions from local authorities to CJs. This should always however be proportionate to the size and scope of CJs.

b) Do you agree that CJs should have broadly the same governance and administrative framework as a principal council provided that this is proportionate? Please give your reasons.

As in a) above it appears sensible that there should be broad consistency in respect of governance and administration which will assist members and officers who have to work across both bodies. It should however be proportionate to the size and scope of CJs. Local authorities are large complex organisations which operate across a wide sphere of functional areas. Imposing identical arrangements would appear to be disproportionate given the size and limited scope of CJs unless of course it is government's intention to impose additional functions upon them.

c) Do you agree that members of CJs should have appropriate discretion on the detail of constitutional and operational arrangements? Please give your reasons.

The Council's view is that CJs should not be imposed on Councils against their will. If such an imposition is to happen then it is imperative that CJs and their constituent local authorities should have the greatest degree of local discretion in respect of the constitutional and operational arrangements. The ability to tailor arrangements to local circumstances will assist with the transfer and operation of functions.

Consultation Question Two:

These CJC areas have been agreed by local government Leaders as the most appropriate to reflect the functions being given to CJs by these Establishment Regulations. Do you have any comments or observations on these CJC areas in relation to these functions or the future development of CJs?

The Council agrees that if CJs are to exist then the six local authority areas of North Wales provide the most appropriate footprint for the region.

Consultation Question Three:

a) Do you agree with the approach to the development of the regulations for CJs as outlined in this consultation? Please give your reasons.

The Council has previously expressed its support for the creation of CJs as a voluntary model of collaborative regional working, but does not accept the imposition of mandatory CJs. The Council is disappointed that this approach has been taken.

b) We have indicated throughout this document what may be included in the Regulations of General Application, subject to the outcome of this consultation. Whilst the Regulations of

General Application are not the subject of this consultation, in order to inform their development, we would welcome your views on anything else which should be covered?

See question 17

Consultation Question Four:

a) Do you agree with the proposed approach to membership of CJs including co-opting of additional members? Please give your reasons.

In respect of membership of CJs some elected members believed that there should be no co-option of members from outside the constituent local authorities and that only elected councillors should sit on CJs. Others felt that the co-option of some external members may be appropriate but that such matters should be for the CJC to decide locally following consultation with the constituent local authorities and that the CJC should be required to have regard to the views of those constituent authorities.

Some members expressed a concern that if only the Leaders were to be members of the CJC there would be too much power placed in the hands of a very small group of people and that widening the number of councillors would be beneficial.

b) What are your views on the role proposed for National Park Authorities on CJs, as described above?

Members were concerned that the National Park is not a body to which members are directly elected. Members were concerned that the extent to which NPA members participate in CJC matters should be clearly defined and restricted to strategic development planning. Some members questioned how the voice of Areas of Outstanding Natural Beauty would be incorporated into the work of the CJC.

Consultation Question Five:

a) What are your views on the proposed approach of 'one member one vote' and the flexibility for CJs to adopt alternative voting procedures?

The Council supports the principle of one member one vote for elected members who sit on CJs and would be opposed to alternative voting arrangements.

b) What are your views on the proposed quorum for CJs?

The Council agrees with the quorum requirement.

c) What are your views on the proposed approach to voting rights for co-opted members to a CJC?

This should be a matter for local determination.

Consultation Question Six:

What are your views on CJs being able to co-opt other members and/or appoint people to sit on sub-committees?

The issue of whether or not to appoint additional members must be one for local determination. Given the capacity demands on Leaders it would appear sensible to allow CJs to appoint additional executive members onto a CJC or to committees of the CJC.

The draft regulations make provision for appropriate scrutiny arrangements to be put in place as well as a Corporate Governance and Audit Committee. Oversight and scrutiny will be essential not only to ensure good governance but to ensure local accountability. It is therefore important that there is local determination of what the appropriate scrutiny arrangements should be. It may be that the constituent authorities and the CJC want to set up a joint scrutiny committee, or that scrutiny of the CJC is carried out by local scrutiny of the CJC through the existing scrutiny arrangements that local authorities have in place. This would be similar to the arrangements put in place for scrutiny of the North Wales Economic Ambition Board.

Consultation Question Seven:

a) Do you agree that the approach to co-option of members would enable wider engagement of stakeholders in the work of a CJC?

See b) below

b) What might be needed to support CJC members in the involvement and engagement of appropriate stakeholders in their work?

It is possible for stakeholders to be engaged in the work of the CJC without them having to be members of the CJC, voting or otherwise. If CJs are to have broadly the same duties and powers as local authorities, then they will be subject to the ways of working and duties of consultation and involvement introduced by the Wellbeing of Future Generations (Wales) Act 2015. The preparation and production of documents such as the Regional Transport and Strategic Development Plans will involve extensive consultation and engagement without necessarily requiring the co-option of additional non local government members.

The CJC could seek to involve stakeholders by way of specialist advisory groups such as the Business Delivery Board which advises the North Wales Economic Ambition Board. Stakeholders and partners could take part in scrutiny sessions and in task and finish groups by providing evidence and expert advice.

Consultation Question Eight:

a) Do you agree that members and staff of a CJC should be subject to a Code of Conduct and that the code should be similar to that of Principal Councils? Please give your reasons.

It is imperative for good governance that there are proper ethical safeguards in place for both officers and members.

There is an existing code for local government employees which should be adopted given that CJs are to be treated as part of the local government family.

Local authority elected members are obliged to act in accordance with the code of conduct adopted by their local authority whenever they are acting as a councillor or acting as a representative of their authority. It is assumed that if they are members of the CJC due to their membership of a principal council then they would be covered by their existing Code of Conduct when acting on a CJC and would be subject to investigation by the Ombudsman and if necessary to sanction by their Standards Committee. Co-opted members of local authority scrutiny committees are required to abide by the code of conduct of their authority and the Ombudsman can investigate complaints about their conduct. There should be no lesser expectation in respect of co-opted members of CJs. The

question arises as to the oversight of the conduct of non-elected members of a CJC. It seems onerous to require the creation of a new Standards Committee. There are already 8 Standards Committees in North Wales alone. It may be appropriate for a CJC to have a joint standards committee with one or more of the constituent authorities.

b) What are your views on the adoption of a Code of Conduct for co-opted members?

See a) above

c) Should all co-opted members be covered by a code i.e. those with and without voting rights?

Yes. Co-opted members are still able to influence matters even if they do not vote and should be subject to the same restrictions on participation in debate as elected members when potential prejudicial interests are involved. The Code of Conduct for elected members governs not just the ability of members to vote but also their conduct and propriety in their dealings with members of the public and each other. It is important that those who wish to take part in public life are held to high standards of conduct.

Consultation Question Nine

a) What are your views on the proposed approach for determining the budget requirements of a CJC?

It is unclear from the consultation document what the level of budget required will be and what other sources of funding will be available to CJs. It should be a matter for local determination and should be restricted to local authority members of the CJC and the National Park Authority as they are the funding bodies. It is sensible that unanimous consent is required.

It is hoped that additional costs in the first year should be covered by specific grant funding and any ongoing financial impact reflected in future Local Authority Funding Settlements.

b) What are your views on the timescales proposed (including for the first year) for determining budget requirements payable by the constituent principal councils?

The proposal that CJs should determine their budget requirement by 14th February is far too late for local authorities' budget setting processes. The CJC would need to be informing local authorities of the budget requirement by late Autumn to enable local authorities to plan appropriately.

If CJs are to meet by the end of September 2021 they will need to be asking local authorities for a budget part way through the financial year. It is unreasonable to expect local authorities to accommodate such a request. Any funds required in the first year should be provided direct by Welsh Government.

Consultation Question Ten

a) Do you agree that CJs should be subject to the same requirements as principal councils in terms of accounting practices? Please give your reasons.

Yes, it is important that accountancy practices are consistent with those of local authorities to ensure that members and officers are familiar with the practices across the CJC and their constituent authorities. A consistent approach will aid understanding and provide a better basis for scrutiny and challenge.

b) Do you agree that the detail of how a CJC is to manage its accounting practices should be included in the Regulations of General Application? If not what more would be needed in the Establishment Regulations?

Yes

Consultation Question Eleven:

What are your views on the proposed approach to staffing and workforce matters?

The Council is concerned that the proposals as set out in the consultation document will lead to either a substantial increase in cost and the recruitment of additional officers, some of whom will be very senior, or it will lead to a serious drain on the capacity of local authorities to deliver on the priorities for which they are democratically accountable.

The assumption that local authorities will be able to share officers with CJsCs to deliver some functions which are not currently delivered implies that there is some spare capacity lying dormant within those authorities that can be exploited. This is simply not the case. The additional burden of just providing professional support to service regular meetings of the CJC, a potential tier of sub-committees, effective scrutiny arrangements and an Audit Committee will be considerable and will come at a substantial additional cost. These meetings will require democratic services officers whose capacity is already under pressure from the requirements to broadcast meetings, legal advisers and finance advisers. Local authority support services are already pared back and will not, without considerable financial support, be able to facilitate a new tier of government. This is a significant additional burden, before any functions are actually delivered.

If no resources are forthcoming there will be an inevitable reduction in capacity at local authority level and an inadequate level of resource to enable CJsCs to function effectively.

It is right that the terms and conditions of staff of the CJsCs should be similar to those of the constituent local authorities. It should be noted however that salary levels for similar posts are not necessarily the same across the region and equal pay considerations should be taken into account and considered at the outset. TUPE considerations may also apply in the case of transfers of staff into or out of CJsCs.

Consultation Question Twelve:

What are your views in relation to CJsCs being required to have or have access to statutory “executive officers”?

It is ironic that proposals are now brought forward to increase the number of Chief Executives and senior officers when a reduction in their number was advanced as an argument in favour of previous proposals for the merger of local authorities.

The concerns expressed by members are that either the CJC will need to recruit a number of ‘executive officers’ at senior salary levels to administer the operation of the CJsCs, or the CJsCs will ‘have access’ to existing senior officers of the constituent authorities. This again appears to assume that there is under-utilised capacity in the senior officer structures of local authorities. This Council

has reduced substantially the number of senior officers that it employs over the past decade and more. Senior officers now have much broader portfolios than ever before and are already stretched in terms of capacity. Even a requirement to provide one day a week to support CJs is a 20% reduction in the capacity of those officers to support their own organisations at a time when the demands on those organisations have never been greater.

If executive officers are to be released to provide assistance to CJs on top of their existing workload there will need to be backfill of their positions at their local authorities which will again require further resource or will result in a lack of capacity at Council level.

Consideration should also be given to the management of conflicts of interests that may arise in respect of executive officers who are in effect serving two masters, the interests of which may not always coincide.

There is also the issue of capacity for senior members. Being the Leader of a principal council is a full time undertaking. Requiring a whole new set of meetings and responsibilities is a significant additional burden on these members.

Consultation Question Thirteen:

Do you have any other views on provision for staffing or workforce matters within the establishment regulations?

No

Consultation Question Fourteen:

a) Is it clear what functions the CJs will exercise as a result of these establishment regulations? If not, why?

There is some clarity regarding the strategic development planning function following the separate consultation on draft regulations relating to that function. The position is not quite so clear in respect of transport functions and whether there is likely to be any concurrence in that area. The economic well-being function is so broad that it will require further work at local level to determine the extent to which the CJC will overlap with principal council activity in this field.

Given the timescales for the creation of CJs and the work required to set them up in terms of their internal procedures and structures it is unlikely that they will be in a position to begin discharging functions effectively until after the local government elections in 2022. Consideration should be given to delaying the date upon which they will discharge their functions until May 2022.

b) Do the establishment regulations need to say more on concurrence, if so what else is needed, or should that be left to local determination?

The establishment regulations should provide as much flexibility as possible for local determination of the concurrence of functions.

In your view are there any functions which might be appropriate to add to these CJs in the future? If yes, what?

No

Consultation Question Fifteen:

Do you think the regulations should provide for anything to be a decision reserved to the CJC rather than delegated to a sub-committee? If so what?

The regulations should provide as much flexibility as possible for local determination of delegations, however, it would appear appropriate that matters such as the budget and the approval of strategic plans such as the strategic development plan and regional transport plan should be reserved. Where other general local government legislation is applicable to CJsCs it would be sensible that matters which are reserved to Councils should also be reserved to CJsCs.

Consultation Question Sixteen:

What are your views on the approach to transfer of the exercise of functions to these CJsCs?

There is very little information in respect of the transfer of functions. The strategic development planning function is not currently discharged by local authorities as it does not currently exist. As the CJsCs will inevitably require time to set up their internal processes and structures clarity should be given as to the date upon which they are to begin to discharge their functions, which should probably be after the local government elections in 2022.

Consultation Question Seventeen:

What are your views on CJsCs being subject to wider public body duties as described above?

It would appear sensible that the CJsCs be subject to the wider public duties set out in the consultation document and that the regulations of general application should deal with this issue.

Consultation Question Eighteen:

a) The Welsh Government is keen to continue working closely with local government and others on the establishment and implementation of CJsCs. Do you have any views on how best we can achieve this?

Welsh Government should engage with councils on a regional basis to ensure that the voice of individual local authorities in the region is heard and listened to. While the Council is opposed to the mandatory imposition of CJsCs, it will want to ensure that there is maximum flexibility at local and regional level to determine the arrangements by which the CJC will be established. Specialist professional groups should also be included both from a governance and an operational delivery perspective.

b) In your view, what core requirements / components need to be in place to ensure a CJC is operational, and exercising its functions effectively?

There needs to be sufficient funding in place to resource the preparatory work required to establish CJsCs. Much of this work will need to be done before the CJC meets for the first time and could not be happening at a worse time when the capacity of local authorities should be focussed on recovery. There will need to be sufficient time for CJsCs to establish their own internal governance procedures and 'recruit' executive officers before they can begin to discharge their functions.

In effect the CJC will need to adopt a constitution consisting of, as a minimum, standing orders, financial regulations, contract procedure rules, schemes of delegation, scrutiny arrangements, a code of conduct, access to information rules etc. It will need to adopt policies in respect of any staff that it employs directly and will need to have agreements in place for any services that it needs to

commission from local authorities. The management of conflicts of interest for professional advisers will need to be dealt with in advance of such advisers being resourced from within local authorities.

Will the CJC be an admitted body for pension purposes?

What will be the arrangements for office and meeting premises?

The CJC will have to comply with all relevant regulatory frameworks and have systems in place for compliance e.g. Data protection, Freedom of Information

c) In particular, what do you think needs to be in place prior to a CJC meeting for the first time, on the day of its first meeting and thereafter

There may need to be 'shadow' arrangements in place in order that political approval and direction can be given to the various arrangements required before they are placed before the CJC formally. The first requirements to be in place are funding and an appropriate officer resource to direct and complete the necessary work.

Consultation Question Nineteen:

a) Do you think it would be helpful for the Welsh Government to provide guidance on the establishment and operation of CJCs?

Yes.

b) Are there any particular areas which should be covered by the guidance?

The matters referred to in response to question 18(b) above.

Consultation Question Twenty:

a) How can the Welsh Government best support principal councils to establish CJCs?

By providing the necessary funding to resource their establishment

b) Are there areas the Welsh Government should prioritise for support?

See above

c) Is there anything that CJCs should/should not be doing that these Establishment Regulations do not currently provide for?

No.

Consultation Question Twenty One:

a) Do you agree with our approach to, and assessment of, the likely impacts of the regulations? Please explain your response.

No. The assessment that CJs will cost less than the do nothing option is hopelessly optimistic. It assumes that local authorities are discharging functions at present that they are not and fails to adequately recognise the additional burden of supporting a new tier of decision making and scrutiny. It does not sufficiently recognise the fact that local authorities are already stretched in terms of capacity and cannot absorb the running of these bodies without significant support.

b) Do you have any additional/alternative data to help inform the final assessment of costs and benefits contained within the Regulatory Impact Assessment? If yes, please provide details.

No

Welsh Language Questions

Consultation Question Twenty Two:

a) We would like to know your views on the effects that establishment of CJs would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English.

The consultation document indicates that CJs are likely to be subject to Welsh Language Standards. This is appropriate and ensures that CJs would make a positive contribution to opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. CJs must have regard to the likely impacts that the discharge of their functions is to have on the Welsh language.

b) What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

No further comment

Consultation Question Twenty Three:

Please also explain how you believe the proposed policy for the establishment of CJs could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

No further comment.

Consultation Question Twenty Four:

We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

No further comment.

Mae tudalen hwn yn fwriadol wag

Adroddiad i'r Pwyllgor Llywodraethu Corfforaethol ac Archwilio

Dyddiad yr adroddiad 27^{ain} Ionawr 2021

Swyddog / Aelod Arweiniol Y Cyngorwyr Huw Hilditch-Roberts a Julian Thompson-Hill /
Geraint Davies, Pennaeth Addysg a Steve Gadd, Pennaeth
Cyllid ac Eiddo

Awdur yr adroddiad Steve Gadd, Pennaeth Cyllid ac Eiddo

Teitl Fframwaith Herio ac Ymyrryd ar gyfer Ysgolion mewn
Trafferthion Ariannol (YTA) – Y diweddraf

1. Diben yr Adroddiad

1.1 Diweddaru'r Pwyllgor Llywodraethu Corfforaethol ac Archwilio ar gynnydd y gwaith i weithredu'r Fframwaith Herio ac Ymyrryd ar gyfer Ysgolion mewn Trafferthion Ariannol (YTA) a roddwyd gerbron y Pwyllgor ar 29^{ain} Tachwedd 2017.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

2.1 Ailgyflwyno proses y cyngor ar gyfer gweithio gydag ysgolion mewn trafferthion ariannol.

2.2 Diweddaru'r Pwyllgor ynghylch sut mae'r broses wedi gweithio'n ymarferol.

3. Beth yw'r Argymhelliad?

3.1 Y dylid trafod cynnwys yr adroddiad.

4. Manylion am yr Adroddiad

Cefndir

Mae gwaith rheoli a chymryd cyfrifoldeb dros gyllidebau ysgol yn cael ei ddirprwyo i gyrrff llywodraethu ysgolion unigol. Mae'r darpariaethau deddfwriaethol i'w gweld o fewn Deddf Safonau a Fframwaith Ysgolion 1998 a Rheoliadau Cyllido Ysgolion (Cymru) 2010. Mae'r ddwy set o ddeddfwriaethau'n sail i Gynllun Ariannu Ysgolion y Cyngor (Atodiad 2). Bydd y Cyngor yn pennu cyfanswm cyllideb ysgolion – cyn grantiau allanol – yn flynyddol ac yna bydd yn dirprwyo'r rhan fwyaf ohono (tua 85%) i'r ysgolion drwy fformiwla y cytunwyd arni o flaen llaw. Rheolir y gweddill

yn ganolog ar ran yr ysgolion er mwyn ariannu eitemau megis cludiant i'r ysgol a chostau canolog eraill.

Mae'r gefnogaeth i reoli materion ariannol ysgolion yn cael ei dirprwyo i'r ysgolion drwy'r rheolwyr busnes a chyllid penodedig. O dan y Cynllun uchod, mae gofyn i bob ysgol gyflwyno cynllun cyllideb tair blynedd i'r cyngor yn flynyddol. Rhaid i'r cynlluniau cyllideb ddangos bwriad yr ysgol yn nhermau gwariant dros y tair blynedd ariannol ganlynol a'r tybiaethau mae'r cynllun cyllideb hwnnw wedi'i seilio arnynt. Yr ysgolion sy'n gyfrifol am reoli unrhyw ddiffygion neu arian dros ben yn ystod y cyfnod.

Mae'r Cynllun hefyd yn darparu ar gyfer trwyddedu diffygion mewn ysgolion ac er mwyn cefnogi hyn mae'r cyngor wedi datblygu fframwaith herio ac ymyrryd mwy manwl. Cafodd y fframwaith ei ddatblygu a'i ymestyn yn ystod 2016/17, mewn ymgynghoriad â'r ysgolion, a chafodd ei roi gerbron y pwyllgor hwn ym mis Tachwedd 2017. Mae'r fframwaith wedi'i atodi fel Atodiad 1 ac mae'r crynodeb gorau ohono i'w weld ar y siart llif ar Dudalen 3.

I'w roi mewn cyd-destun, o 2011/12 hyd at ddiwedd 2016/17, cafodd y cyngorau gyfarwyddyd gan Lywodraeth Cymru i ddiogelu cyllidebau ysgolion yn ariannol, a hynny am swm o 1% yn uwch na lefel y grant ariannol a roddwyd i Lywodraeth Cymru gan Lywodraeth y DU. Penderfynodd Cyngor Sir Ddinbych ddarparu mwy o gyllid i ysgolion dros y cyfnod hwn, gan roi cyfanswm a oedd 70% yn fwy na fyddai wedi bod ar gael i ysgolion drwy ddefnyddio'r fecanwaith a oedd yn ofynnol gan Lywodraeth Cymru. Gwerth ariannol cyfraniad Llywodraeth Cymru i ddiogelu ysgolion Sir Ddinbych oedd £4.422m dros 6 blynedd rhwng 2011/12 a 2016/17, ond gwelwyd cynnydd o £7.519m yng nghyllidebau ysgolion Sir Ddinbych dros yr un cyfnod.

Gweithgarwch Diwedd a'r Sefyllfa Bresennol

Strategaeth y Gyllideb – Ers diwedd y cyfnod 'diogelu' gan Lywodraeth Cymru, mae'r Cyngor wedi ariannu ysgolion drwy roi'r egwyddorion canlynol ar waith:

- Cyfrifo chwyddiant cyflogau a chwyddiant prisiau bob blwyddyn
- Cyfrifo addasiadau demograffig ar sail data Cyfrifiad Ysgolion Blynyddol ar Lefel Disgyblion mis Medi – mae hyn yn sicrhau bod y cyllid fesul disgybl yn cael ei gynnal, o leiaf
- Trin unrhyw gyllid uniongyrchol gan Lywodraeth Cymru, gan gynnwys trosglwyddiadau a chyfrifoldebau newydd
- Ystyried unrhyw faterion sy'n creu pwysau strategol
- Defnyddio targed arbedion effeithlonrwydd (rhwng 1% a 2% yn y blynyddoedd diwethaf)

Mae hyn yn golygu bod ysgolion yn cyd-fynd yn gyffredinol â sut mae gwasanaethau eraill yn cael eu trin – dylid nodi fodd bynnag bod targedau arbedion gwasanaethau wedi amrywio rhwng 2% ac 17%, yn dibynnu ar y flwyddyn a'r gwasanaeth.

Mae cynigion y gyllideb ar gyfer Ysgolion yn 2021/22 wedi eu gosod isod:

- Cydnabyddir gwerth £1.205m o bwysau yn sgîl chwyddiant
- Buddsoddi mewn Anghenion Dysgu Ychwanegol £1.192m
- Buddsoddi mewn cynaliadwyedd ysgolion bach £161,000
- Pwysau demograffig o £718,000
- Grant Cyflog Athrawon 2020/21 o £0.135m (trosglwyddo i mewn)
- Targed effeithlonrwydd ysgolion o 1% (£0.733m) o Gyllidebau Dirprwyedig i Ysgolion

Mae'r buddsoddiad o £3.4m yn golygu codiad o 3.4%, serch hynny, yn dilyn targed effeithlonrwydd o 1% sy'n seiliedig ar gyllidebau cyn y codiad, mae hyn yn cyfateb i gynnydd net o 2.5%. Mae'r angen i fuddsoddi mewn ADY ac ysgolion bach wedi'i nodi o ganlyniad i'r broses Ysgolion mewn Trafferthion Ariannol.

Y Sefyllfa Bresennol – Roedd y gyllideb y cytunodd y Cyngor arni ar gyfer 2020/21 yn cynnwys buddsoddiad ychwanegol net o ychydig dros £2.9m (heb gynnwys cynnydd mewn grantiau gan Lywodraeth Cymru) yn y cyllidebau dirprwyedig i ysgolion. Y rhagamcaniad diweddaraf ar gyfer balansau ysgolion i'w ddwyn ymlaen i 2021/22 yw balans diffyg net o £1.591m, sy'n cynrychioli cynnydd o £0.203m yn y balansau diffyg a ddygwyd ymlaen i 2020/21, sef £1.388m (fel a ddangosir yn Atodiad 3). Bydd y cyfnod clo diweddaraf a'r manylion ynghylch sut bydd costau ychwanegol yn cael eu hariannu yn cael eu monitro'n fanwl a'r gobaith yw y gwelir sefyllfa well erbyn diwedd y flwyddyn.

Wedi i amcangyfrifon eleni ar gyfer cyllidebau tair blynedd gael eu cyflwyno, bydd y tîm sy'n cefnogi ysgolion yn ariannol yn cyfarfod â'r holl ysgolion sy'n rhagamcanu balans diffyg (ysgol YTA) bob tymor (h.y. o leiaf 3 gwaith y flwyddyn). Yn 20/21 maent wedi cael 2 dymor o gyfarfodydd, bydd cyfarfod y tymor olaf yn cael ei gynnal tua mis Mawrth. Mae'r Pennaeth Addysg a'r Pennaeth Cyllid ac Eiddo yn cwrdd â'r tîm cyllid bob tymor i fynd drwy'r sefyllfa y cytunwyd arni ar gyfer pob ysgol YTA. Maent hefyd yn cyfarfod o bryd i'w gilydd i drafod ysgolion penodol os a phan fydd angen. Eleni ceir 18 ysgol YTA allan o gyfanswm o 54 (33%), ac o'r rhain mae gan 12 ohonynt ddiffygion trwyddedig, yn dilyn cynllun ariannol y cytunwyd arno er mwyn gwella'r sefyllfa. Mae'r gwasanaeth yn gweithio'n agos gyda'r 6 arall (11%) er mwyn dod i gytundeb ar eu sefyllfa. Nid yw'r buddsoddiad ADY na'r buddsoddiad ysgolion bach a gafodd eu cynnwys yng nghynigion y

gyllideb ar gyfer 2021/22 wedi cael eu hystyried yn y cynlluniau adfer presennol a'r gobaith yw y bydd hyn yn gwella'r sefyllfa ymhellach.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Mae rheoli cyllidebau refeniw a chyfalaf y cyngor yn effeithiol, a gweithredu'r strategaethau cyllidebol y cytunwyd arnynt, yn sail i'r gweithgareddau ym mhob maes, gan gynnwys blaenoriaethau corfforaethol.

6. Faint fydd yn ei gostio a sut bydd yn effeithio ar wasanaethau eraill?

Nid oes unrhyw oblygiadau cost ychwanegol o ganlyniad i'r adroddiad hwn.

7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Les?

Ym marn broffesiynol y Pennaeth Addysg a Swyddog Adran 151, nid oes angen Asesiad o Effaith ar Les ar gyfer yr adroddiad hwn gan mai dim ond adrodd am fframwaith sydd eisoes yn bodoli a wneir i bwyllgor archwilio'r cyngor.

8. Pa ymgynghoriadau a gynhaliwyd gydag Archwilio ac eraill?

Ymgynghorwyd â'r ysgolion ynghylch y Cynllun Ariannu Ysgolion a'r fframwaith YTA. Mae'r Fforwm Cyllideb Ysgolion yn cadw golwg ar y ddau.

9. Datganiad y Prif Swyddog Cyllid

Daw natur yr hyn sy'n cael ei ddirprwyo i ysgolion, ac i ba raddau y gwneir hynny, law yn llaw â chyfrifoldeb i reoli'r sefyllfa ariannol. Derbynnir y bydd arian dros ben a diffygion o fewn y fframwaith hwn. Cyfrifoldeb yr ysgolion yw sicrhau bod arian dros ben yn cael ei reoli'n gyfrifol a'u bod yn mynd i'r afael â diffygion dros gyfnod rhesymol. Y fframwaith YTA yw mecanwaith y cyngor er mwyn sicrhau bod hyn yn digwydd ac mae'n cynnwys cosbau priodol os na fydd yn digwydd.

10. Pa risgiau sy'n bodoli ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Mae'r Cynllun Ariannu Ysgolion a'r fframwaith YTA yn amlinellu dull gweithredu a rheolyddion y Cyngor er mwyn sicrhau bod cyllidebau dirprwyedig i ysgolion yn cael eu rheoli'n gywir.

11. Pŵer i wneud y penderfyniad

Mae gofyn i awdurdodau lleol, o dan Adran 151 Deddf Llywodraeth Leol 1972, wneud trefniadau er mwyn gweinyddu eu materion ariannol yn briodol.

Mae Deddf Safonau a Fframwaith Ysgolion 1998 a Rheoliadau Cyllido Ysgolion (Cymru) 2010 yn amlinellu'r trefniadau penodol ar gyfer ysgolion.

Denbighshire County Council

Schools Reporting Timetable and Challenge & Intervention Framework for Schools in Financial Difficulty



Created: June 2013

Last Updated: June 2017

Author: Schools Support Team

Introduction

The Denbighshire Scheme for Financing Schools prohibits schools from planning for a deficit when preparing their annual budget plans. In support of the Authority's monitoring and intervention role the scheme requires schools:

- To return a draft 3 year budget to the LA and if applicable, submit notification that they are unable to set a balanced budget by the 1st April each year
- To gain approval, where applicable, for a planned deficit, by the 1st May of each year including submission of the proposed recovery plan intended to support the reduction/removal of that deficit. Any unplanned deficits that occur within the financial year due to unforeseen circumstances must be reported as soon as they become known to the school. Approval to carry forward that deficit to the new financial year must be sought.
- To submit a final Governor approved budget (surplus or deficit) by the 31st May each year to include a financial recovery plan for those schools who have been granted a licensed deficit

Schools should only apply for a licensed deficit in circumstances where they cannot set a balanced budget without seriously impacting on educational provision.

Denbighshire County Council has no power to write off the deficit balance of any school and all deficits will remain a liability of the Governing Body until paid back. This applies in all circumstances including during school re-organisation.

Schools must, where possible, avoid the need to apply for a licensed deficit by robustly managing their 3 year budget planning process and being proactive in responding to changes early enough to allow mitigating actions to be implemented.

Where it is found that deficits have occurred as a result of financial mismanagement at a school level then Denbighshire County Council will consider the merits of enforcing its powers under S51 of the Schools Standards and Framework Act to remove financial delegation from the school. Denbighshire is however committed to working with the Governing Body to ensure this can be avoided where possible.

What is the purpose of the Framework?

The challenge and intervention framework is intended to act as a mechanism for the Authority to provide schools with an appropriate level of challenge and support to help them set a balanced budget or if this is not achievable to prepare a recovery plan that sets out the action the school will take to achieve a sustainable financial position over an agreed period of time.

The framework will provide schools with:

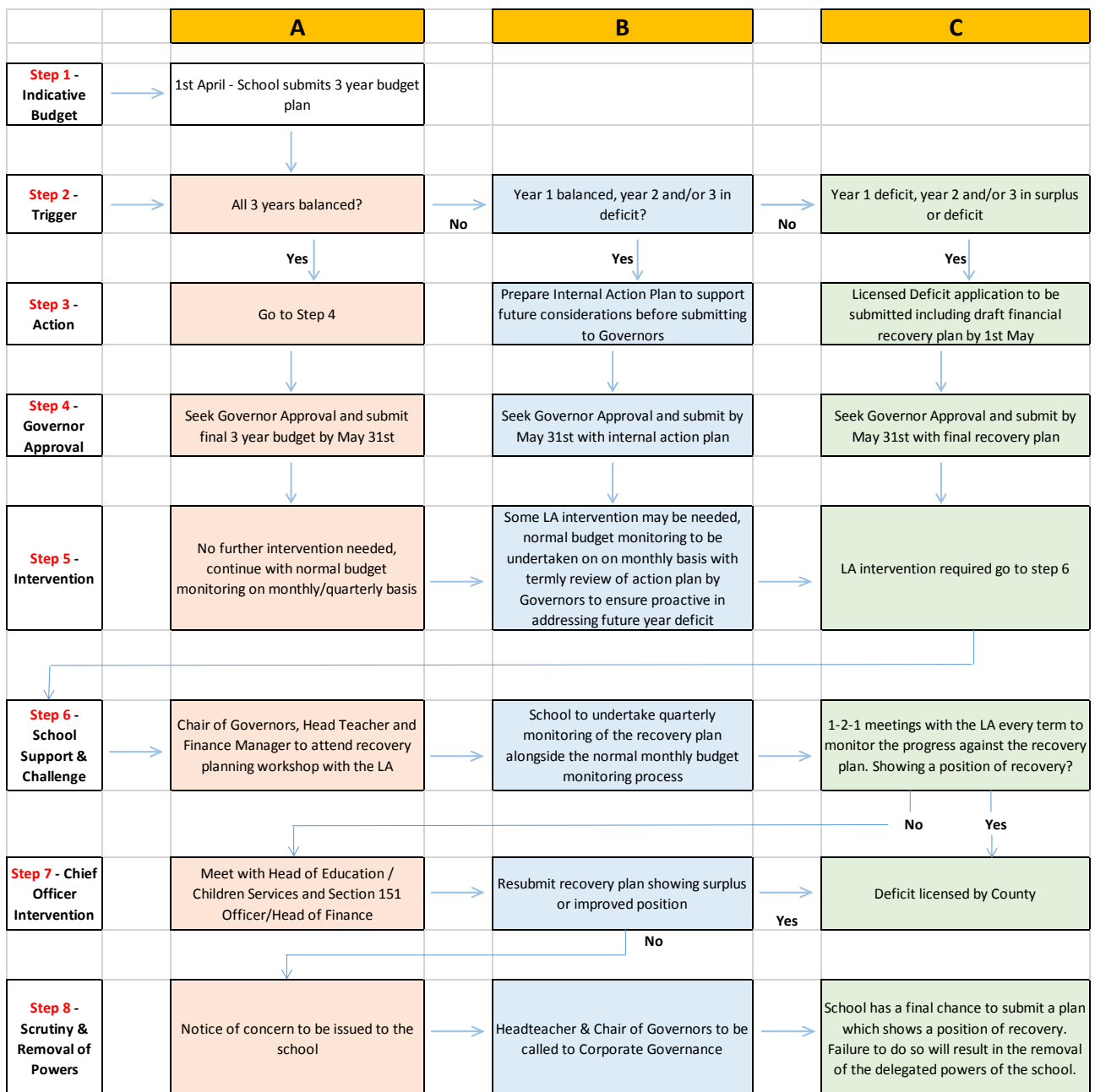
- **An agreed timescale in which to take the action required to balance the budget**
A school will normally be expected to deliver its recovery plan within a three year period. This may be extended in exceptional circumstances where a school cannot deliver a recovery plan over three years without seriously affecting its educational provision or standards. Any extension beyond a two year period must be agreed by Denbighshire's Head of Education and Section 151 Officer.
- **Support, Monitoring and Challenge**
Financial and operational management support and challenge through a network of advisors including Education Officers, Finance Officers and HR Officers.

This may include the provision of:

- Benchmarking data
- Financial analysis
- Audit information
- Regulatory Advice
- Contextual data – e.g. demographic changes
- Focused training sessions relevant to the situation

Any school failing to comply with this framework by taking actions to meet the requirements will be in breach of their financial management responsibilities. This will be challenged and can lead to intervention by the S151 Officer and potential removal of the delegated powers of the school

The process for challenging and supporting schools is defined in the diagram below:



Each of the steps in the diagram is explained below.

Step 1: Indicative Budgets

The school will submit their DRAFT 3 year budgets to the School Funding Team by the 1st April of each year. These will be based on the final budget released to schools within the annual school budget formulation cycle.

Step 2 & 3: Trigger/Action

If a school submits a 3 year budget plan that shows a surplus position in each of the 3 years no intervention will be required and they will only be required to seek Governor Approval and continue to monitor as part of the normal budget monitoring process for schools.

If a school submits a 3 year budget plan that shows a surplus position in year 1 but a potential deficit in year 2 and/or year 3 then there will be no direct requirement for intervention however the schools will be required to prepare an internal action plan that outlines their commitment to address future year's deficits. They will then only be required to seek Governor Approval and monitor as part of the normal budget monitoring process for schools with the action plan being reviewed on a termly basis.

If a school submits a 3 year budget plan that shows a year 1 deficit and/or surplus/deficit in years 2 & 3 then direct intervention will be required. The school must initially apply for a licensed deficit by 1st May with a draft financial recovery plan as supporting documentation. The recovery plan must indicate the actions that will be taken to bring the financial position back into balance. This may be through a combination of income generation and/or a reduction in expenditure and will in most cases result in staffing implications.

If the Recovery Plan is not deemed robust enough to deliver the savings needed the licensed deficit will be rejected. Schools will be in breach of financial regulations if they set a deficit budget that has not been approved via the appropriate process

Schools are required to re-apply for a licensed deficit on an annual basis, even where a recovery plan has been agreed previously. This will allow the LA to ensure that the recovery plan is on track to being delivered and mitigates the risk of further changes at the detriment to the schools financial position

Step 4: Governor Approval

In all cases schools must ensure that Governors are accountable for the financial position of the school. The 3 year Governor Approved budget plan must be submitted by 31st May of each year to include a recovery Plan for those in deficit.

Step 5: Intervention

Those schools that are in surplus over the 3 year period will not require any direct intervention and will simply be required to monitor their position within the normal monthly monitoring process. Those schools who may be facing a year 2 and/or year 3 deficit may require intervention dependent upon the severity of the forecast position. This will be provided at the request of the school and if deemed appropriate.

Those schools that are in deficit in the current year will require intervention under step 6 of the above process.

Step 6: School Support and Challenge

Financial advice, information and training will be available to support schools in recovering from a deficit financial position. This will initially be via a financial recovery workshop that will be set up between the Head teacher, Chair of Governors and Finance Manager. Schools will then be required to continue to monitor the plan, as a minimum on a termly basis and re-submit as necessary.

1-2-1 meetings will be held between the school and LA Officers to ensure the recovery plan is continually validated and appropriately monitored. **Paperwork for this meeting must be received by the Schools Support Team at least 3 working days prior to it taking place, or the meeting will be cancelled and the position escalated. Full spreadsheets including the 3 year plan, recovery plan and staffing list are required.**

Following the submission of a recovery plan a number of validation checks will be completed by the School Funding Team to ensure that the plans are reasonable. This will be done by: -

- Comparing the current year's income and expenditure budgets with previous years' trends to identify any significant differences.
- Checking that the correct balances have been brought forward into the current year and all funding delegated by the Local Authority has been taken in to account.
- Actions included in the recovery plan are realistic and that by implementing them the required level of savings can be achieved.
- Any areas that are unclear or simply not achievable will be queried with the school and clarification sought.

Where the plans are deemed to be suitable then they will be accepted by the Local Authority and reviewed throughout the year in the termly 1-2-1 meetings.

The licensed deficit will be approved by the Head of Education & S151 Officer and written confirmation will be sent to the school once the licensed deficit has been processed.

Step 7: Chief Officer Intervention

This step is for those schools who are unable to show a position of recovery following meetings with the LA. The Chair of Governors, Head Teacher and Finance Manager will be called to meet with the Head of Education plus the Section 151 Officer to discuss the financial recovery plan submitted.

The School will have another opportunity to re-submit a recovery plan showing a surplus position.

If the plans are deemed to be suitable they will be accepted by the Local Authority and reviewed throughout the year in the termly 1-2-1 meetings.

Step 8: Corporate Governance Committee & Removal of Delegated Powers

Intervention is proposed to escalate at three levels. It is envisaged that deficit schools will engage with the Local Authority well before the need for intervention as these arrangements are the last resort, for the protection of public monies and to protect the overall resource for all schools. The levels of intervention are:

1. Notice of Concern issued to School

A school that fails to not take the necessary action will be given a formal notice of concern, stating the action the Local Authority recommends they should take to bring the budget back in to balance including any charging of interest on the deficit.

2. School given 1 month to respond to notice of concern

An explanation will be required from the school about the action being taken to safeguard the school's financial position and why progress to date has not been satisfactory.

The School will also be requested to discuss the deficit at the Council's Corporate Governance committee.

3. Suspension of delegated financial powers

Where the LA considers that insufficient progress or cooperation has been made decision will be made by the Head of Education and S151 Officer to suspend delegation. Under suspension the authority would take control of the budget and take the necessary action before returning control to the Governing Body. During the suspension school staff would be responsible to the authority for the day-to-day financial administration in the school and all budgetary decisions will be removed from the school.

Removal of delegated powers will apply where:

- The school is persistently in breach of the Scheme for Financing Schools
- The school will not set a balanced budget
- The school will not engage in the licensed deficit process
- The deficit is worsening and no action is being taken by the school
- There is evidence of financial mismanagement by the school
- A school in special measures has not demonstrated commitment to making better use of resources or achieving value for money

Appendix 1

Recovery Plan Proforma



Draft Financial Recovery Plan

-/-/-

******* School**

Status from latest 3 year projection if no further action taken:

	2016/2017	2017/2018	2018/2019	2019/2020
Surplus/(Deficit) Carried Forward		0	0	
Budget/Forecast Budget				
Forecast Expenditure				
Annual Surplus/(Deficit)	0	0	0	0
Cumulative Surplus/(Deficit) if no further action taken	0	0	0	0

Mitigating Actions:

EVR's / Retirement

Total	0	0	0	0
In-year Surplus/(Deficit)	0	0	0	0
Revised Cumulative Surplus/(Deficit)	0	0	0	0

Notes

Appendix 2

Licensed Deficit Proforma



Application for a Licensed Deficit for Schools

Schools should only apply for a planned licensed deficit in circumstances where they cannot set a balanced budget without seriously impacting on educational provision.

Name of School:

Date:

Financial Year: 2017/2018

Value of deficit (predicted deficit by 31/03/2018):

We will:

- Confirm we will implement the savings in the timescales agreed, and inform the School Funding Section of any deviation from the recovery plan (attached).
- Provide any other information as and when required by the Local Authority.
- Enclose a 3 Year Budget Recovery Plan.

Signed (Headteacher):

Print Name:

Date:

Signed (Chair of Governors):

Print Name:

Date:

Please either scan and return this form to catherine.howatson@denbighshire.gov.uk or send it to the School Funding Team, Finance, County Hall, Wynnstay Road, Ruthin, LL15 1YN.

Mae tudalen hwn yn fwriadol wag

**Denbighshire County Council
Cyngor Sir Ddinbych**



Department of Education

Scheme For Financing Schools

**Karen Evans
Head of Education**

Revised May 2013

Contents

1. INTRODUCTION

- 1.1 The Funding Framework
- 1.2 The Role of the Scheme
- 1.3 Application of the Scheme to Maintained Schools
- 1.4 Publication of the Scheme
- 1.5 Revision of the Scheme
- 1.6 The Role of the Authority, the Governing Body and Delegation of Powers to the Headteacher
- 1.7 Maintenance of Schools

2. FINANCIAL REQUIREMENTS: AUDIT

- 2.1 Application of Financial Controls to Schools
- 2.2 Provision of Financial Information and Reports
- 2.3 Payment of Salaries; Payment of Bills
- 2.4 Control of Assets
- 2.5 Accounting Policies (including year-end procedures)
- 2.6 Writing off of Debts
- 2.7 Basis of Accounting
- 2.8 Submission of Budget Plans
- 2.9 Improvement Planning
- 2.10 Virements
- 2.11 Audit: General
- 2.12 Separate External Audits
- 2.13 Audit of Voluntary and Private Funds
- 2.14 Register of Business Interests
- 2.15 Purchasing, Tendering and Contracting Requirements
- 2.16 Application of SLA's to Schools
- 2.17 Central Funds and Earmarking
- 2.18 Spending for the Purposes of the School
- 2.19 Capital Spending from Budget Shares
- 2.20 Grant Funding

3. INSTALMENTS OF BUDGET SHARE; BANKING ARRANGEMENTS

- 3.1 Frequency of Payment
- 3.2 Proportion of Budget Share Payable at each Instalment
- 3.3 Adjustment in respect of Loss of Interest to the Authority
- 3.4 Budget Shares for Closing Schools
- 3.5 Bank and Building Society Accounts
- 3.6 Restrictions on Accounts
- 3.7 School Petty Cash Imprest Accounts
- 3.8 Borrowing by Schools

4. THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

- 4.1 Right to Carry Forward Surplus Balances
- 4.2 Reporting on the Intended Use of Surplus Balances
- 4.3 Interest on Surplus Balances
- 4.4 Obligation to Carry Forward Deficit Balances
- 4.5 Planning for Deficit Budgets
- 4.6 Charging of Interest on Deficit Balances
- 4.7 Writing Off Deficits
- 4.8 Balances of Closing and Replacement Schools
- 4.9 Licensed Deficits

5. INCOME

- 5.1 Income from Lettings
- 5.2 Income from Fees and Charges
- 5.3 Income from Fundraising Activities
- 5.4 Income from the Sale of Assets
- 5.5 Administrative Procedures for the Collection of Income

6. THE CHARGING OF SCHOOL BUDGET SHARES

- 6.1 General Provision
- 6.2 Circumstances in which Charges may be made

7. TAXATION

- 7.1 Value Added Tax
- 7.2 Construction Industry Taxation Scheme

8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

- 8.1 Provision of Services from Centrally Retained Budgets
- 8.2 Timescales for the Provision of Services bought back from the LEA using Delegated Budgets
- 8.3 Packaging
- 8.4 Service Level Agreements (SLA's)

9. PUBLIC FINANCE INITIATIVE (PFI)

10. INSURANCE & RISK MANAGEMENT

- 10.1 Insurance Cover
- 10.2 Liability of Governors

11. MISCELLANEOUS

- 11.1 Right of Access to Information
- 11.2 Governors Expenses
- 11.3 Responsibility for Legal Costs
- 11.4 Health and Safety
- 11.5 Right of Attendance for Section 151 Officer
- 11.6 Delegation to New Schools
- 11.7 Whistleblowing
- 11.8 Child protection
- 11.9 School Meals
- 11.10 Spending Budget Share (Additional Learning Needs)

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

- 12.1 Repair and Maintenance of Buildings and Grounds
- 12.2 Local Authority Landlord Responsibilities

ANNEX 1 Denbighshire Schools Maintained under the Provisions of this Scheme

SECTION 1

INTRODUCTION TO THE SCHEME

1.1 THE FUNDING FRAMEWORK

- 1.1.1 The funding framework which replaces Local Management of Schools is based on legislative provisions contained in sections 45-53 of the School Standards and Framework Act, 1998 (SSAF Act) and as further detailed in The School Funding (Wales) Regulations 2010.
- 1.1.2 Under this legislation, the Local Authority determines the size of the Local Schools Budget (LSB). The categories of expenditure which fall within the LSB are prescribed under regulations made by the Secretary of State, but included within the LSB is all expenditure, direct and indirect, on the Authority's maintained schools. The Local Authority may retain funding for purposes defined in regulations made by the Welsh Assembly Government under s.46 of the SSAF Act. The amounts to be retained centrally are determined by the Authority, subject to any limits or conditions prescribed by the Welsh Assembly Government. The balance of the LSB left after deduction of centrally retained funds is termed the Individual School's Budget (ISB).
- 1.1.3 The Local Authority must distribute amounts from the ISB amongst all its maintained schools, according to a formula which accords with regulations made by the Welsh Assembly Government, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to delegated budget has been suspended in accordance with s.51 of the SSAF Act. The financial controls within which delegation works are set out in this document in accordance with s.48 of the SSAF Act and are subject to approval by the Schools' Forum or Welsh Assembly Government. All revisions to the Authority's scheme must be approved by the Schools' Forum or Welsh Assembly Government, which will have the power to modify or impose a scheme.
- 1.1.4 Subject to the provisions contained in this scheme, governing bodies may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Welsh Assembly Government in regulations made under s.50, SSAF Act, 1998.
- 1.1.5 The Authority may suspend a school's right to a delegated budget, by giving the governing body notice, in writing, if the provisions of the Scheme for Financing Schools (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. The Authority is likely to issue the governing body of a school with a Notice of Concern letter in the first instance where, in the opinion of the Head of Education and the Section 151 Officer, action is needed to be taken to safeguard the financial position of the Authority or school. Such a notice will set out the reasons and evidence for it being made and may place

on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. The process the Authority will follow in suspending delegation is outlined in Annex 2. There is a right of appeal to the Welsh Assembly Government. A school's right to a delegated budget share may also be suspended for other reasons.

- 1.1.6 In accordance with regulations, the Authority will publish each year a statement setting out details of its planned Local Schools' Budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares and the detailed calculation for each school. After each financial year the Authority will publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.1.7 The detailed publication requirements for financial statements and for the Scheme are set out in regulations. Each school will receive a copy of the Scheme and any amendment, and each year's budget and out-turn statements.

1.2 THE ROLE OF THE SCHEME

- 1.2.1 Denbighshire County Council's Scheme for Financing Schools sets out the financial relationship between the Authority and the maintained schools which it funds. The Scheme contains requirements relating to financial management and associated issues and is binding on both the Authority and on schools. The scheme should be considered in conjunction with Denbighshire County Council's Education Service Service Plan, and education policy and guidance documents, including those described in para 1.1.6 above and Denbighshire County Council's Contract & Procedure Rules.

1.3 APPLICATION OF THE SCHEME TO MAINTAINED SCHOOLS

- 1.3.1 This scheme applies to all Denbighshire's Community, Voluntary, Community Special and Foundation schools. Schools within scope of the scheme are listed at ANNEX 1 to this scheme.

1.4 PUBLICATION OF THE SCHEME

- 1.4.1 A copy of the scheme for financing schools in Denbighshire, together with any approved revisions, will be provided for the Headteacher and Governing Body of each school covered by the scheme. Additionally, the scheme will also be made available on both the working document store for internal purposes, and the Denbighshire website.

1.5 REVISION OF THE SCHEME

- 1.5.1 Monitoring and evaluation of the scheme will be carried out by the Schools' Budget Forum which meets termly for consultative purposes. The Forum comprises governors, headteachers, and members and officers of the County Council. The Forum evaluates the efficiency and

effectiveness of the Scheme for Financing Schools and approves any changes to the Scheme. All Forum minutes and agendas are available on the Denbighshire website.

- 1.5.2 Proposed revisions to the scheme will be the subject of consultation with all headteachers and all Schools' governing bodies. Should the Schools' Forum and the Authority not agree on the terms of any proposed revision to the Scheme, the Authority may apply to the Welsh Minister for approval of such proposals.
- 1.5.3 The Welsh Minister may approve proposals, approve subject to modification, or refuse to approve any such proposals.

1.6 THE ROLE OF THE AUTHORITY, THE GOVERNING BODY AND DELEGATION OF POWERS TO THE HEADTEACHER

- 1.6.1 Denbighshire County Council has a wide range of statutory functions relating to the provision of Education, including a duty to promote high standards. The Authority's priorities are laid down in the 'Big Plan' and the 'Education Services Service Plan' which form the basis of an active partnership between the County Council, its schools and other partners to secure continuous school improvement.
- 1.6.2 Governing bodies are incorporated and have their own statutory duties and powers. Specifically, the governing body is required to conduct the school with a view to promoting high standards of educational achievement. The governing body has a general responsibility for ensuring that the school is run effectively and efficiently within the framework set by legislation and the policies of Denbighshire County Council.
- 1.6.3 The governing body of a school which has a delegated budget is able, subject to any specific provisions made by this scheme, to spend any sum available to it in respect of the school's budget share for a financial year as they deem appropriate. In doing so, they must determine what powers they wish to be delegated to the headteacher. Governors will want to balance the need for the school to function effectively on a day to day basis with the fact that responsibility rests with them. A prudential balance needs to be arrived at, which should include full reporting back to governors of the use made of delegated powers on a suitable periodic basis. The governing body is required to consider the extent to which it wishes to delegate its financial powers to the headteacher and other members of their Schools leadership teams and to record its decisions (and any revisions) relating to delegation of powers in the minutes of the governing body.
- 1.6.4 The first formal budget plan of each financial year must be approved by the full governing body by 31st May. (see SIFD policy)

1.7 MAINTENANCE OF SCHOOLS

The Authority is responsible for maintaining the schools covered by the Scheme, and this includes the duty of defraying all the expenses of

maintaining them (except in the case of a voluntary school where some of the expenses are, by statute, payable by the governing body). Part of the way an Authority maintains schools is through the funding system put in place under Sections 45 to 53 of the School Standards and Framework Act 1998.

SECTION 2

FINANCIAL REQUIREMENTS: AUDIT

2.1 APPLICATION OF FINANCIAL CONTROL TO SCHOOLS

2.1.1 In their management of the delegated budget, Governing Bodies must abide by the Authority's requirements on financial controls and monitoring as identified in both this published scheme and in those publications referred to within this scheme but not comprising part of it. Where additional publications are referred to, these will be provided for schools and be fully compatible with this scheme.

2.2 PROVISION OF FINANCIAL INFORMATION AND REPORTS

2.2.1 Schools are required to provide the Local Authority with details of anticipated and actual expenditure and income. Finance Managers must populate the County's Collaborative Planning system (CP) with 3 year figures and keep up to date in accordance with the Revenue Report and Committee timetable.

2.2.2 Those schools deemed to be in financial difficulty (SIFD) will be expected to meet the requirements of the [*Challenge and Intervention Framework for Schools*](#).

2.3 PAYMENT OF SALARIES: PAYMENT OF BILLS

2.3.1 The County Council may offer an SLA for the payment of salaries and the procurement and payment of goods and services, according to the terms and specifications of the DCC Traded & Support Services Framework. All responsibilities, administrative arrangements and designation arrangements relating to these services will be agreed with schools at the time the SLAs are agreed, the details of which can be found on the working document store.

2.4 CONTROL OF ASSETS

2.4.1 Schools are free to determine their own arrangements for keeping a register of assets worth less than £1000, but they must keep a register in some form that satisfies the requirements of insurers. The Authority issues guidance in this respect. All schools are required to maintain a register of its moveable non capital assets worth in excess of £1000 in a form determined by the Authority and in accordance with Denbighshire

County Council's Contract & Procedure Rules. All disposals of assets from the register shall firstly be authorised by the governing body or its finance committee (if appropriate). All disposals shall also be in accordance with Denbighshire County Council's Contract & Procedure Rules.

2.5 ACCOUNTING POLICIES (including year end procedures)

2.5.1 Accounting Policies

The Authority's responsibilities are to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Section 151 Officer) has responsibility for the administration of those affairs. The Section 151 Officer is responsible for the preparation of the Authority's statement of accounts, which includes expenditure by schools and must present a true and fair view of the financial position of the Authority at the end of the financial year.

In order to achieve this, suitable accounting policies have been selected and will be applied consistently, ensuring that proper accounting records are maintained and kept up to date. A summary of the main policies is given below:

- use of accruals (commitments) basis;
- all income and expenditure should be matched;
- a prudential approach should be adopted towards estimating future income and expenditure.

All schools must comply with the Authority's accounting policies.

2.5.2 Accounting year end procedures

Financial Services will issue specific guidelines to schools on the timetable and procedures to be followed. Schools are required to comply with the closure timetable.

2.6 WRITING OFF OF DEBTS

2.6.1 The Governing Body of each school will have the final decision in the writing off of debts. Any costs arising from the Governors decision must be met from the School's delegated budget share. The Authority will provide schools with regular information on outstanding debts to ensure this can be monitored effectively.

2.7 BASIS OF ACCOUNTING

2.7.1 The Local Authority requires all reports and accounts from schools to be on an accruals basis. This means that all income and expenditure should be accounted for in the financial year which it is incurred. However, internally schools may use either a cash or accruals basis for accounting.

2.8 SUBMISSION OF BUDGET PLANS

- 2.8.1 Each school, through their designated Finance Manager, is required to submit a 3 year budget plan to the Authority annually. In the case of all schools, this should be not later than 31 May each year. However, best practice would dictate that financial year budgets should be set by 1 April. Budget plans must show the school's intentions for expenditure in the following 3 financial years and the assumptions underpinning that budget plan. Budget plans need to be monitored and reviewed for accuracy in a timely manner.

It is desirable that schools make clear the way in which school development planning and, in particular school improvement, is supported by the budget plan. In certain cases, and specifically where planned expenditure is exceeded, the Authority will require the submission of revised plans.

- 2.8.2 Finance Managers will have online access to the Authority's Financial Management Systems (JWalk & Collaborative Planning - CP), which will show the latest income and expenditure items posted against the school's delegated budget. The system allows schools to enquire on individual items and raise any queries they may have in relation to the item.
- 2.8.3 Schools must take full account of estimated deficits/surpluses at the previous 31 March in their budget plan. Schools are allowed to apply for a licensed deficit and show that they have a plan to be in a surplus position over 3 years. Those schools with falling rolls and severe forecast deficit positions will be required to submit a recovery plan which will be closely monitored on a regular basis. The requirements for this are set out in the Challenge and Intervention Framework for Schools.

2.9 IMPROVEMENT PLANNING

- 2.9.1 Section 2 of the Local Government (Wales) Measure 2009 places local authorities under a general duty to "make arrangements to secure continuous improvement in the exercise of [their] functions". While this statutory responsibility does not extend to governing bodies, it is considered good practice for such bodies to set clear priorities, to identify actions to achieve them and to establish an appropriate framework of performance measures to be used in monitoring progress. Such plans and strategies will need to be refreshed on a regular basis possibly annually.

2.10 VIREMENTS

- 2.10.1 Schools may vire funds between budget heads within delegated budgets. However, where the governing body is in receipt of specific grants, they must comply with the grant conditions relevant to each grant. The funding allocated through the funding formula is not hypothecated for that particular purpose and can be vired accordingly.

2.11 AUDIT: GENERAL

- 2.11.1 Financial Regulations 26-29 require an on-going internal and external audit system for all schools. Each governing body is expected to comply with these regulations and to meet any request for information or access to records from both internal and external auditors.

2.12 SEPARATE EXTERNAL AUDITS

- 2.12.1 Governing bodies may employ their own suitably qualified external auditors to audit their accounts if they wish. The Authority will not, however, make any additional funds available for this purpose. Such arrangements will not preclude the Section 151 Officer carrying out any internal or external audit check he/she feels necessary.

2.13 AUDIT OF VOLUNTARY AND PRIVATE FUNDS

- 2.13.1 Every governing body must ensure the safe and proper custody of any voluntary or private funds, or funds relating to trading organisations entrusted to it, and that all funds are approved firstly by the governing body and thereafter properly accounted for. To this end, all funds must be subject to an appropriate audit certificate on an annual basis and, where a fund is registered as charitable, all necessary returns to the charity commission are completed and submitted in accordance with requirements of the charity commissioners. It is the responsibility of the Governing Body to ensure that the school meets the requirements of the DCC School Fund Guidance.
- 2.13.2 A report should be presented to the Governing Body annually, stating the use made of such funds and the balances held.

2.14 REGISTER OF BUSINESS INTERESTS

- 2.14.1 All governors, headteacher and all members of staff of a school must declare all business interests they or their immediate family have in a register set up by the governors for that purpose. It will be the responsibility of the governing body to ensure that the register is kept up to date, by positively reviewing and making necessary enquiries of every governor, headteacher and members of staff at least annually.

2.15 PURCHASING, TENDERING AND CONTRACTING REQUIREMENTS

- 2.15.1 Schools are required to abide by the Authority's Financial Regulations Relating to Schools FR45-56 in relation to purchasing, tendering and contracting matters.
- 2.15.2 The Council has established a number of "corporate contracts" with approved suppliers and there is an expectation that schools will utilise these contracts in order to ensure and demonstrate that they are

obtaining value for money. Current examples of such contracts include office supplies, educational products, paper, energy, IT hardware and Consumables.

2.16 APPLICATION OF SERVICE LEVEL AGREEMENTS (SLA's) TO SCHOOLS - SEE ALSO SECTION 8

- 2.16.1 Schools are not bound to take up Authority SLAs and may opt out of them if they feel they can obtain value for money from an alternative provider. This only applies to those services categorised as traded and not those categorised as support. Schools which enter into SLAs with the Authority are bound by the terms contained within each SLA, which may allow for variation of terms and conditions. Schools which opt out of Authority SLAs in contravention of the agreed terms and conditions will be required to meet any additional costs or obligations incurred as a result of their action. Schools may also be bound to certain contracts approved by the Welsh Assembly Government for services for which funding is delegated after April 1999, irrespective of the agreement of schools.
- 2.16.2 Schools should note that, although governing bodies are empowered under para 3 Sch 10 SSAF Act 1998 to enter into SLAs or contracts, in most cases they do so on behalf of the Education Authority, as maintainer of the school and owner of the funds in the budget share. Where the governing body has clear statutory obligations, e.g. contracts made by aided schools for the employment of staff, the agreement may be made solely on behalf of the governing body.
- 2.16.3 The Authority publishes to schools a list of School Support / Traded Services every year, containing a list of the services which it intends to offer to schools and for which schools may enter into contractual arrangements with the Authority. The Authority reserves the right to alter or amend these services in line with its duty to secure value for money. It undertakes to conduct a periodic review of such services through Schools' Budget Forum.

2.17 CENTRAL FUNDS AND EARMARKING

- 2.17.1 Where certain conditions are met, the Authority may make available to schools, allocations from central funds or grants that are additional to and separate from a schools delegated budget share.
- 2.17.2 All such additional allocations will be subject to conditions that clearly set out the purpose or purposes for which the funds may be used.
- 2.17.3 The Local Authority retains the right to require a school to return any earmarked sum or grant if it cannot be demonstrated that such funding has been spent on the purposes for which it is given.
- 2.17.4 The Authority will, if necessary, establish an appropriate accounting mechanism to ensure that such allocations are not assimilated into a schools budget share.

2.17.5 The Local Authority cannot make any deduction, in respect of interest costs to the Local Authority, from payments to schools of devolved specific or special grant.

2.18 SPENDING FOR THE PURPOSE OF THE SCHOOL

2.18.1 S.50, SSAF Act, 1998 allows governing bodies to spend budget shares for the purposes of the school. This may include non-school provision of programmes of education or provision of programmes of education within the 'Family of Schools' where governors can show that these relate directly to the raising of standards. One example of this would be Community Focused Schools' activities.

2.19 CAPITAL SPENDING FROM BUDGET SHARES

2.19.1 Governing bodies may use their budget shares to meet the cost of capital expenditure on school premises. This provision includes expenditure by the governing body of an aided school on work which is their responsibility under para 3 Sch. 3 of the SSAF Act 1998. However, should the anticipated capital expenditure by a governing body of a school exceed £15,000 in any one year, the governing body is required to notify the Authority and take into account any advice from the Head of Education as to the merits of the proposals.

2.19.2 Where premises are owned by the Authority, normally the case with regard to maintained (community and voluntary controlled) schools, then the governing body must obtain the consent of the Head of Education to carry out proposed capital works. Consent may be withheld on health and safety or efficiency grounds, and other reasons such as 2.19.3 below.

2.19.3 Whilst all proposals for capital expenditure will be considered on their individual merits, governing bodies should be aware that the Authority will not normally approve works which could lead to the creation of spare (surplus) places, or which are contrary to the School Organisation Plan. Similarly the Authority will not normally approve works which incur additional on-going revenue costs, unless the governing body is able to demonstrate an ability to meet such additional costs from budget share.

2.20 GRANT FUNDING

2.20.1 Schools in receipt of grant funding, for example from European Union sources or Lottery Funding, should be fully aware of their financial obligations under the terms of any grant. In particular, governing bodies have the responsibility for project delivery in line with the grant application and conditions and for complying with any audit and document retention requirements. Advice should be sought from the Denbighshire's External Funding Claims Team.

SECTION 3

INSTALMENTS OF THE BUDGET SHARE: BANKING ARRANGEMENTS

3.1 FREQUENCY OF PAYMENT

Budget shares for those schools which elect to operate an external bank account will be made available to Governing Bodies on the 18th of each month or the last working day prior to that date.

3.2 PROPORTION OF BUDGET SHARE PAYABLE AT EACH INSTALMENT

3.2.1 PAYMENT INSTALMENTS

Each monthly instalment will be of equal size equating to 1/12th of the appropriate budget share.

3.2.2 INSTALMENTS EXCLUDING PAYROLL

Instalments of Budget Share net of estimated pay costs will also be available where the Authority provides Payroll services for the school.

To enable the Local Authority to calculate the initial pay costs, Governing bodies of schools with external bank accounts will be required to advise the Authority by no later than 1st February preceding the new financial year of the intended staffing levels for the coming year. Such details must be submitted in a format determined by the Authority.

The methodology to estimate pay costs will not differentiate between schools, irrespective of size, phase or category.

Calculations of pay costs will be provided for schools choosing to operate external bank accounts by no later than 1st March preceding each financial year. (depending on timely submission of information from schools)

This calculation will take account of annual pay awards and incremental progression. The responsibility for ensuring the accuracy and updating of staffing details and pay awards lies with the Governing Body who must inform the Local Authority in writing of any changes or errors in information provided. The remaining balance of budget share will then be paid as in 3.2.1 above.

3.3 ADJUSTMENT IN RESPECT OF LOSS OF INTEREST

3.3.1 There is no proposal at present to claw back interest, but this may be reviewed in the future.

3.3.2 The LEA is required to add interest to late payments of budget share

instalments, where such late payment is the result of LEA error. The interest rate used will be in line with the current Bank of England base rate.

3.4 BUDGET SHARE FOR CLOSING SCHOOLS

3.4.1 Budget shares of schools, for which approval for discontinuation has been secured, will continue to be made available until closure on a monthly basis net of estimated pay costs.

3.5 BANK AND BUILDING SOCIETY ACCOUNTS

3.5.1 All schools financed under the provision of this Scheme are entitled to hold an external bank account. These accounts must be held with bona fide Financial Institutions as approved by the Authority.

3.5.2 Schools may operate both current (cheque) and interest bearing accounts but only one approved current account may be used. Any interest earned on the accounts may be retained by the school.

3.5.3 The Local Authority will, if the school desires, transfer immediately to the account an amount agreed by both the school and Authority as the estimated cash balance held by the Authority in respect of the school's budget share. Such transfer will be adjusted when the accounts for the relevant year are closed.

3.5.4 No school with a deficit balance will be able to operate an external bank account for 12 months following the clearance of such deficits.

3.5.5 All accounts opened may be done so under the name of the school only or in the name of the Local Authority. However, if the account is in the name of the Local Authority then the account mandate should provide that the Local Authority is the owner of the funds in the account, that it is entitled to receive statements and that it can take control of the account if the school's right to a delegated budget is suspended by the Local Authority. Both Local Authority and school employees must be allowed signatories to the accounts. (NB Budget Share funds paid by the Local Authority and held in school accounts remain Local Authority property until spent (S49(5) of Act).

3.5.6 Schools intending to open new bank accounts will only be allowed to do so with effect from the start of each financial year following the receipt of a written notice of intent signed by the Headteacher and Chair of Governors giving 3 months notice.

3.5.7 The Governing Body of each school will be responsible for ensuring that their bank accounts are managed properly and efficiently.

3.5.8 The choice of authorised signatories to a bank account is at the discretion of the school governing body, but the Local Authority requires

that at least two senior members of the school staff must be so authorised.

- 3.5.9 As schools will not be able to register independently with H.M. Customs and Excise, all appropriate financial stationery used by the schools must have reference to Denbighshire County Council and its registration numbers.
- 3.5.10 The Authority must be advised immediately in writing with full details of all bank accounts opened under this scheme.

3.6 RESTRICTIONS ON ACCOUNTS

- 3.6.1 For schools which choose to hold their own bank accounts, as detailed in para 3.5, the school must inform the Authority as to which bank account it wishes its budget share to be credited.

3.7 SCHOOL PETTY CASH IMPREST ACCOUNTS

- 3.7.1 Schools which do not wish to open their own bank account may open a small imprest cheque book account. The purpose of this account would be to allow schools to hold some petty cash at the school for the purchase of small items of expenditure.

3.8 BORROWING BY SCHOOLS

- 3.8.1 Governing Bodies may borrow money only with the written permission of the Welsh Assembly Government to which application should be made. The Authority will not accept responsibility for any such loans so authorised.

SECTION 4

THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

4.1 THE RIGHT TO CARRY FORWARD SURPLUS BALANCES

- 4.1.1 Any surplus / deficit balance made by a school in any one financial year shall be retained by the school and carried forward to the following financial year. Schools will receive a final outturn statement for the financial year which will show both the balance brought forward from the previous financial year and the balance to be carried forward to the next.

4.2 REPORTING ON THE INTENDED USE OF SURPLUS BALANCES

- 4.2.1 Where surplus balances are in excess of 5% of the current year's annual budget share, Governing Bodies are required to inform the Authority as to how the school intends to use such balances as outlined in the Authority's policy for the use / claw back of surplus balances.

- 4.2.2 Schools may carry balances of up to 10% if they provide the Authority with a detailed plan as how this balance will be reduced to 5% or less within 12 months.
- 4.2.3 Any school either (a) not providing a plan within the required timescale, (b) carrying more than 10%, or (c) not reducing their balance to less than 5% within the 12 month agreed period after submitting their plan, will have the sum larger than 5% deducted from their balances.
- 4.2.4 Any funds taken from schools in the capping process will be reinstated into the school pot to be distributed via the Denbighshire school funding formula on a per pupil basis.

4.3 INTEREST ON SURPLUS BALANCES

- 4.3.1 Where schools choose the Local Authority to provide Banking and Financial services on their behalf then interest will be payable on any surplus balances held in excess of £1,000.

4.4 OBLIGATION TO CARRY FORWARD DEFICIT BALANCES

- 4.4.1 Where schools carry forward a deficit balance, then this will be deducted from the following year's budget share.
- 4.4.2 Where deficit balances are held, a deficit recovery plan, including a full working budget, will be requested from the School and Governing Body giving details of how they intend to recover the deficit.
- 4.4.3 Further details relating to schools with deficit balances may be found in the [Challenge and Intervention for Schools document](#) and schools must ensure they meet the requirements of this framework.

4.5 PLANNING FOR DEFICIT BALANCES

- 4.5.1 Schools may plan a deficit budget provided they are able to produce a realistic and viable deficit recovery plan over a period of time agreed with the Authority. This is usually within the 3 year period covered by the 3 year budget plan, but this period can be extended in serious cases involving falling rolls. The school must, however, apply for a licenced deficit as in para 4.9. Full details can be found in the Challenge and Intervention Framework for Schools.

4.6 CHARGING OF INTEREST ON DEFICIT BALANCES

- 4.6.1 Where schools choose the Local Authority to provide Banking and Financial services on their behalf then interest may be charged on any deficit balance at the discretion of the Local Authority.

4.6.2 Any charge will be based on the rate that the Authority would itself incur should it be overdrawn.

4.7 WRITING OFF OF DEFICITS

4.7.1 The Local Authority cannot write off the deficit balance of any school under any circumstances. Liability will remain with the school until deficits are cleared.

4.8 BALANCES OF CLOSING AND REPLACEMENT SCHOOLS

4.8.1 In the event of the Authority ceasing to maintain a school, then any surplus balance or deficit balance at the time of closure will revert to the Local Authority; it cannot be transferred as a balance to any other school, unless the school is a successor to the closing school.

4.9 LICENSED DEFICITS

4.9.1 Schools which do not have a deficit may plan for a deficit budget with the written approval of both the Head of Education and Section 151 Officer, given the following criteria:

- (i) the arrangement will be funded by the collective surplus of school balances held by the Authority on behalf of schools: whilst the Authority may legally take into account the balances held by a school in an external bank account (as school balances are legally the property of the Authority if made available by the Authority initially), it would wish to seek the views of such schools before acting in this way;
- (ii) the maximum period of time over which a school would be expected to repay the deficit (i.e. to reach at least a zero balance) shall be not more than five years;
- (iii) a clear and agreed purpose and plan for the deficit arrangement; to be reviewed at termly intervals;
- (iv) the Authority will not commit more than 40% of the collective schools balances held by it at any one time;
- (v) schools holding balances in their own bank accounts may be invited to participate;
- (vi) detailed terms and conditions will be agreed between the governors, headteacher, Head of Education and Section 151 Officer;
- (vii) schools will need to be aware that interest may be charged as described in 4.6 on licensed deficits;
- (viii) that in the event of the maximum period of time in which a deficit must be repaid being exceeded, the Authority may consider suspension of a

governing body's right to a delegated budget in accordance with s.51 (Sch.15) SSAF Act, 1998;

- (ix) in seeking a licensed deficit, schools will be expected to demonstrate that the arrangement supports the raising of educational standards.

Full details of the requirements can be found in the Challenge and Intervention Framework for Schools.

SECTION 5

INCOME

Note: Unless the Private Finance Initiative (PFI) states to the contrary, these rules may also apply to PFI Schools.

5.1 INCOME FROM LETTINGS

- 5.1.1 Schools may retain income from lettings of the school premises which would otherwise accrue to the Local Authority subject to the terms of:
 - (i) a joint use agreement made between a governing body and the Local Authority as per the charging policy;
 - (ii) a Private Finance Initiative (PFI) agreement.
- 5.1.2 Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided that there is no net cost to the school's budget share.
- 5.1.3 Schools are required to pay due regard to the Authority's policy with regard to the use of school premises, including lettings, policy on charges and any joint use agreement between the school and the Authority.
- 5.1.4 Income from lettings of school premises should **not** be payable into voluntary or private funds held by a school. Schools should ensure there is no financial detriment to the school as a result of the lettings.

5.2 INCOME FROM FEES AND CHARGES

- 5.2.1 With the exception of any service provided by the Local Authority from centrally retained funds but occurring on a school site, schools may retain any income generated from fees and charges levied for a service provided by or on behalf of the Governing Body.
- 5.2.2 Where such services are provided by the school, then Governing Bodies are required to have regard to any relevant policy statements on charging issued by the Local Authority.

5.3 INCOME FROM FUND RAISING ACTIVITIES

- 5.3.1 Schools are allowed to retain any income generated from fund raising activities they organise and are responsible for. This may be retained in the school private fund.
- 5.3.2 Any deficit that occurs as a consequence of such activities must not be met from the school's delegated budget share.

5.4 INCOME FROM THE SALE OF ASSETS

- 5.4.1 Income derived from the sale of assets purchased with delegated funds may only be spent for the purposes of the school. Schools will retain the proceeds of sale of assets except in cases where the asset was purchased with non- delegated funds (in which case the Authority will decide who will retain the proceeds), or the asset concerned is land or buildings or property forming part of the school premises and is owned by the Authority.

5.5. ADMINISTRATION PROCEDURES FOR THE COLLECTION OF INCOME

- 5.5.1 Where the schools choose the Local Authority to provide Banking and Financial services on their behalf, all income received by them should be promptly banked using the schools bank paying in book with all items individually identified and coded appropriately. Schools should ensure that where applicable any VAT is separately recorded when banking.
- 5.5.2 For those schools that choose to operate an external Bank account, they will be required to establish proper practices for the recording of income ensuring that a proper VAT receipt is issued if appropriate and the correct VAT rate charged. All records will need to be kept for six full financial years.

SECTION 6

THE CHARGING OF SCHOOL BUDGET SHARES

6.1 GENERAL PROVISION

- 6.1.1 In those circumstances identified under 6.2 below, the Local Authority is authorised to levy a charge on a school's delegated budget share WITHOUT the consent of the Governing Body. Governing Bodies will be advised of any additions or deletions to these circumstances, following the consultation that is required under Schedule 14 of the School Standards and Framework Act, 1998.
- 6.1.2 Such 'charges' will provide protection for the Local Authority from any liabilities caused by the action or inaction of a Governing Body.
- 6.1.3 Where charges are to be levied against a school's delegated budget share then the Local Authority will first consult with the school concerned

regarding its intention and will notify schools when the charge has been finalised.

- 6.1.4 The Authority will provide a procedure to resolve disputes where schools consider that charges have unreasonably been applied.
- 6.1.5 In all such circumstances the Local Authority will act in a reasonable manner and remains subject to a direction by the Welsh Assembly Government.
- 6.1.5 Salaries/wages of school based staff will be charged to budget shares at actual cost.

6.2 CIRCUMSTANCES IN WHICH CHARGES MAY BE MADE

- 6.2.1 Other expenditure incurred to secure resignations where the school had not followed Local Authority advice
- 6.2.2 Awards by courts and industrial tribunals against the Local Authority or out of court settlements arising from action or inaction by the Governing Body contrary to the Local Authority's advice.
- 6.2.3 Any costs incurred by the Local Authority where the Local Authority is joined by the Governing Body in an action and has incurred expenditure as a consequence of the Governing Body not taking the Local Authority's advice.
- 6.2.4 Expenditure by the Local Authority in carrying out health and safety work or capital expenditure for which the Local Authority is liable but where funds have been delegated to the Governing Body for such work and the Governing Body has failed to carry out the required work.
- 6.2.5 Expenditure by the Local Authority incurred in making good defects in building work funded by capital spending from delegated budget shares where the premises are owned by the Local Authority or the school has voluntary controlled status.
- 6.2.6 Expenditure incurred by the Local Authority in insuring its own interests in a school where funding has been delegated for this purpose but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Local Authority
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the Local Authority
- 6.2.8 Recovery of penalties or other charges imposed on the Local Authority by the Board of Inland Revenue, the Contributions Agency, H.M.

Customs and Excise, Teachers' pensions or regulatory authorities as a result of school negligence.

- 6.2.9 Correction of Local Authority errors in calculating charges to a budget share (e.g. pension deductions.)
- 6.2.10 Additional transport costs incurred by the Local Authority arising from decisions by the Governing Body on the length of the school day, and failure to notify the Local Authority of non-pupil days, resulting in unnecessary transport costs.
- 6.2.11 Legal costs which are incurred by the Local Authority because the Governing Body did not accept the advice of the Local Authority (see Section 11).
- 6.2.12 Costs of necessary health and safety training for staff employed by the Local Authority, where funding for training had been delegated but the necessary training had not been carried out.
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers and the contract is of no effect.
- 6.2.14 Costs incurred by the Local Authority in securing provision specified in a statement of ALN where the Governing Body fails to secure such provision despite the delegation of funds in respect of that statement.
- 6.2.15 Costs incurred by the Local Authority due to submission by the school of incorrect data.
- 6.2.16 Recovery of amounts spent from specific grants (e.g. SEG) on ineligible purposes.
- 6.2.17 Costs incurred by the Local Authority as a result of the Governing Body being in breach of the terms of a contract.
- 6.2.18 Expenditure incurred by the Local Authority from any action by the Governing Body which has been taken contrary to written advice by the Local Authority
- 6.2.19 Any costs incurred by the Local Authority under the Late Payment of Commercial Debt (Interest) Act 1998 as a result of inaction by schools.

SECTION 7

TAXATION

7.1 VALUE ADDED TAX

- 7.1.1 Schools will receive separate VAT guidance as and when required which

will give detailed advice on VAT issues, including lettings, fees and charges, fund raising and the sale of assets and VAT incurred on items of expenditure.

- 7.1.2 Generally HM Customs and Excise have agreed that VAT incurred by schools when spending any funding made available by the Authority is reclaimable by the Authority. This does not include expenditure by the governors of a VA school when carrying out their statutory responsibility to maintain the external fabric of the buildings.
- 7.1.3 Schools which choose to maintain their own bank accounts will pay their suppliers gross of VAT and charge VAT on all VATABLE income they receive. Schools will need to account for VAT paid and received on a monthly basis from the Authority, on the pro forma returns that will be provided. There are strict rules governing the recovery of VAT. Schools must adhere to the Authority's timetable (a return should be received by the seventh day of the following month) for the submission of monthly returns, which may vary from time to time due to legislative changes; otherwise schools will be liable for any penalty the Authority incurs for non compliance. Schools will receive the VAT reclaimed on their behalf.
- 7.1.4 Schools should be aware of the possible need to register with HM Customs & Excise where they undertake significant trading activities through either charitable or voluntary organisations linked to the school.

7.2 CONSTRUCTION INDUSTRY TAXATION SCHEME (C.I.T.S.)

The above scheme has been reviewed and currently does not apply to works directly procured by schools and is the responsibility of schools and where the work is directly chargeable to the School delegated budget. However, any building works procured through the Authority does form part of the scheme.

- 7.2.1 The above scheme only affects contractors within the construction industry, be they companies, partnerships or individuals who are self-employed, and covers construction type work relating to installations, repairs, decorating, demolition and general building related work.
- 7.2.2 The scheme requires that contractors that satisfy certain conditions are issued with a tax certificate by the Inland Revenue which allows that person to receive payments without deduction. For any person not holding a certificate a deduction is made on account of the contractor's tax liability for labour payments.
- 7.2.3 Schools which choose to maintain their own bank accounts will need to deduct the relevant amount of tax from their suppliers as appropriate and pass the total amount deducted from contractors on to the Authority on a monthly basis, or satisfy themselves that the contractor satisfies the relevant conditions to be paid gross.

SECTION 8

THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 PROVISION OF SERVICES FROM CENTRALLY RETAINED BUDGETS

8.1.1 Where services are provided to schools from centrally retained funds, then the Local Authority will determine the basis of this provision. There will be no discrimination by the Local Authority in the provision of such services unless:

8.1.2 (1) Funding for the services in question has been delegated to a restricted number of schools or:

(2) The statutory duties of Governing Bodies require such discrimination to be made.

8.2 TIMESCALES FOR THE PROVISION OF SERVICES BOUGHT BACK FROM THE LOCAL AUTHORITY USING DELEGATED BUDGETS

8.2.1 The term of any arrangement to buy services or facilities from the Local Authority is limited to a maximum of five years from the date of the agreement. There is no prescribed minimum period but the Authority will look to ensure best value in determining the duration of agreements to provide services.

8.2.2 When a service is provided for which expenditure cannot be retained centrally by the Authority, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

8.3 PACKAGING

8.3.1 Schools are not under any obligation to purchase services or facilities from the Authority (see also para 2.16.1) and the Authority will seek not to package services in a way which might unreasonably restrict schools' freedom of choice of the services. Where practicable, provision will be offered on a service by service basis. The Authority does, however, reserve the right to package certain services or facilities together in order to be able to offer them at discounted rates to schools or to meet best value.

8.4 SERVICE LEVEL AGREEMENTS

8.4.1 Denbighshire County Council will consult with schools as to those services or facilities which schools would wish to see provided by the Authority under service level agreements. It reserves the right, however, not to offer services where there is insufficient demand from schools or where the service is uneconomical or does not meet other best value requirements.

- 8.4.2 The Authority will consult with schools on an annual basis through Service Level Agreements (see also 2.16.3), giving details of the duration of each agreement, the service standards, service specifications and any packaging, optional or additional arrangements which might be available.
- 8.4.3 Services and facilities offered by the Authority through service level agreements are available to schools on an ad hoc basis (that is, for periods or at intervals of less than the duration of the agreement) but the Authority reserves the right to charge for such ad hoc services at a different rate from services provided under a service level agreement.
- 8.4.4 Services or facilities provided under a service level agreement - whether without charge or on a buy-back basis - will be reviewed at least every three years if the agreement lasts longer than that period.

SECTION 9

PUBLIC FINANCE INITIATIVE (PFI)

- 9.1 The PFI is one of the main mechanisms through which the public sector can provide services in partnership with the private sector.
- 9.2 Typically, a Local Authority will purchase a capital intensive service from a private sector provider over the period of a long-term contract. The service will often consist of the provision and maintenance, to a specified standard, of a facility within which an Authority's own staff deliver a core service, for example a school. The Authority pays for the service as and when it is received in amounts set in the contract. Payments will vary depending on the private sector's performance and/or the usage of the service. The contractor takes responsibility for investing in the capital assets required, financing that investment and then managing the facilities to provide the specified level of service to the Authority. The private sector takes the business risk entailed in committing to supply the service for the contracted level of payments.
- 9.3 Where a school PFI project is likely to be developed, then an appropriate agreement must be reached with the Headteacher / Governors of the School before the PFI contract is signed. The agreement will set out those service elements and costs of the Fair Funding delegated budget which will be transferred back to the Council to offset service charges under the PFI e.g. catering, cleaning, maintenance etc.

SECTION 10

INSURANCE & RISK MANAGEMENT

10.1 INSURANCE COVER

- 10.1.1 Funding for insurances is delegated to schools within the funding

formula. If any school seeks to purchase its own insurance cover, other than through the Authority, they would be required to demonstrate that the cover relevant to the Authority's insurable interests were at least as good as the relevant minimum cover arranged by the Authority under any arrangements entered into by the governing body. The Authority must have regard to the actual risks which might be expected to arise at the school in question in operating this requirement.

- 10.1.1 Supplementary guidance is available to schools and includes a summary of the insurances which the Authority currently holds and additional insurances which schools may obtain through the Authority if they so wish.

10.2 LIABILITY OF GOVERNORS

- 10.2.1 Legislation imposes upon governors certain statutory responsibilities which they are expected to discharge. However, because the governing body of a school is a corporate body and because of the terms of s.50(7) of the SSAF Act, governors of maintained schools do not incur personal liability in the exercise of their power to spend the delegated budget share, provided they act in good faith.
- 10.2.2 The Authority provides certain insurance cover in respect of school governors.
- 10.2.3 Insurance cover provided by the Authority and the provisions in legislation relating to actions 'in good faith' do not rule out all possibilities of personal liabilities. Governors may be held personally responsible in the case of:
- (i) corrupt or deliberately irregular behaviour;
 - (ii) gross or deliberate carelessness; for example, in respect of Health and Safety matters.

SECTION 11

MISCELLANEOUS

11.1 RIGHT OF ACCESS TO INFORMATION

- 11.1.1 Governing bodies will be required to supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share. This requirement does not extend to copies of internal reports to the governing body on financial matters.
- 11.1.1 As part of the audit of the Authority's accounts, any interested person may inspect the accounts (between specifically advertised dates) to be audited and all books, deeds, contracts, bills, vouchers, and receipts relating to them and make copies of all or any part of the accounts and those other documents (Public Audit (Wales) Act 2004). Schools may make a reasonable charge for this service in order to cover costs.

- 11.1.2 This includes any documents held by schools. Schools need to be aware that the Authority will require schools to provide copies of any documents held by them in a timely manner if requested to do so. The Authority will give prior notification of such requests unless this is impractical. Additional requests for information are now being received under the Freedom of Information Act 2000, which have return deadlines and for which schools will be asked to provide information held by them.

11.2 GOVERNORS EXPENSES

- 11.2.1 The Local Authority is allowed to delegate to the Governing Body of a school yet to receive a delegated budget, funds to meet governors' expenses, the amount of which will be determined by the Local Authority.
- 11.2.2 Under Schedule 11 of the Act, only 'allowances' specified in Regulations may be paid to members of the Governing Body of schools financed under the provisions of this scheme from a school's delegated budget share. This would be funded at the discretion of the school from their individual budget share.
- 11.2.3 Where the Welsh Assembly Government appoints additional Governors to a school under Special Measures, there shall be no duplication of expenses already paid for by the Assembly.

11.3 RESPONSIBILITY FOR LEGAL COSTS

- 11.3.1 Legal costs incurred by the Governing Body, although the responsibility of the Local Authority as part of the cost of maintaining the school (which does not include costs relating to the statutory responsibility of voluntary aided school governors for buildings) will be charged to the school's budget share unless the Governing Body chooses to invest in a pooled scheme that covers such costs. Where there is a conflict of interest between the Local Authority and the Governing Body, the Governing Body is free to obtain, at its own expense, legal advice from a third party.

11.4 HEALTH AND SAFETY

- 11.4.1 Governing Bodies of schools financed under the provision of this scheme are required at all times to have due regard to duties placed upon the Local Authority in relation to Health and Safety matters and to the Authority's policy on Health and Safety in the management of the Budget share.
- 11.4.2 Further details relating to Health and Safety in schools may be found on the intranet in the Directorate's publication entitled "School Health & Safety Manual 2009".

11.5 RIGHT OF ATTENDANCE FOR SECTION 151 OFFICER

- 11.5.1 Governing bodies are required to allow the Section 151 Officer of the Authority or any officer of the Authority nominated by the Section 151 Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of his/her responsibility and to notify the Section 151 Officer of the agenda item(s) in advance.

11.6 DELEGATION TO NEW SCHOOLS

- 11.6.1 The Authority is empowered to delegate selectively and optionally to the shadow Governing Bodies of schools which have yet to receive delegated budgets.

11.7 WHISTLEBLOWING

- 11.7.1 Persons working at a school or school governors who wish to complain about financial management or financial propriety at the school shall do so in accordance with the Council's corporate Whistleblowing policy.
- 11.7.2 The corporate whistleblowing policy sets out in detail how to raise a concern and how the council will respond to such concerns.

11.8 CHILD PROTECTION

- 11.8.1 Governing Bodies are required to release staff to attend Child Protection Case Conferences and related events regardless of whether the Local Authority makes any payment to schools to help meet the costs. It is the discretion of the LA whether funding is delegated for this purpose.

11.9 SCHOOL MEALS

- 11.9.1 In discharging their duties in relation to delegated funding for school meals, governing bodies are required to have regard to any policies which the Authority might have in place in relation to school meals.

11.10 SPENDING BUDGET SHARE (ADDITIONAL LEARNING NEEDS)

- 11.10.1 Schools have a statutory duty to identify and provide for the additional educational needs of their pupils. Should a school substantially and persistently breach its responsibilities in this context, the Authority may take action to suspend delegation.

SECTION 12

RESPONSIBILITY FOR REPAIR AND MAINTENANCE

12.1 REPAIR AND MAINTENANCE OF BUILDINGS AND GROUNDS

- 12.1.1 The categories of work which the Welsh Assembly has recommended as being the appropriate division of responsibilities between the LEA and

the Governing Body of Community and Voluntary Aided Schools is set out in the Traded Services SLA for Building Maintenance.

- 12.1.2 All funding for repairs and maintenance of schools is delegated to schools, subject to 12.1 above. Only funding in respect of capital expenditure will be retained by the Local Authority. Denbighshire Local Authority may only treat expenditure as capital if it fits the definition of capital used by the local authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting.
- 12.1.3 Voluntary Aided School Governors will continue to be eligible for grant from the Welsh Assembly for Wales in respect of their statutory responsibilities for buildings and premises. In addition they will have responsibility for other repair and maintenance items on the same basis as Community and Foundation Schools.

12.2 LOCAL AUTHORITY LANDLORD RESPONSIBILITIES

- 12.2.1 As the owner of both buildings and land in schools other than Voluntary Aided or Foundation schools the Local Authority will monitor its assets in order to ensure that its responsibilities in this regard are adequately discharged in order to maintain the structure, fabric and condition of its property.

ANNEX 1

DENBIGHSHIRE SCHOOLS MAINTAINED UNDER THE PROVISIONS OF THIS SCHEME

Primary Schools	Official Ref. No.
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Ysgol Hiraddug	2011
Ysgol Y Castell	2037
Christchurch School	2038
Ysgol Llywelyn	2039
Ysgol Y Faenol	2057
Ysgol Penmorfa	2059
Ysgol Emmanuel	2060
Ysgol Dewi Sant	2066
Ysgol Melyd	2067
Ysgol Bodfari	2070
Ysgol Bryn Hedydd	2072
Ysgol Esgob Morgan	2098
Ysgol Cefn Meiriadog	2124
Ysgol Frongoch (Junior)	2125
Ysgol Henllan	2127
Ysgol Twm o'r Nant	2134
Ysgol Bryn Clwyd	2135
Ysgol Y Parc (Infants)	2136
Ysgol Clocaenog	2163
Ysgol Gellifor	2164
Ysgol Cyffylliog	2166
Ysgol Pentrecelyn	2168
Ysgol Rhewl	2169
Ysgol Betws Gwerfil Goch	2214
Ysgol Carrog	2215
Ysgol Caer Drewyn	2216
Ysgol Bro Elwern Gwyddelwern	2219
Ysgol Y Llys	2227
Ysgol Bryn Collen	2234
Rhos Street School	2255
Ysgol Penbarras	2256
Ysgol Bro Cinmeirch	2261
Ysgol Bro Famau	2262
Ysgol Gymraeg Y Gwernant	2263
Ysgol Clawdd Offa	2264
Ysgol Bodnant Community School	2265
Ysgol Pendref	2266
Ysgol Bro Dyfyrdwy	2677
Ysgol Tremeirchion V.P.	3020
St Asaph Infants V.P.	3024
Ysgol Llanbedr Controlled	3044
Ysgol Llanfair D.C. Controlled	3045
Ysgol Borthyn Controlled	3050
Ysgol Pantpastynog Prion	3057
Ysgol Dyffryn Ial	3061
Ysgol Mair R.C.	3315
Ysgol Trefnant	3316
St Brigid's (Primary)	5900

Secondary Schools	Official Ref. No.
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Rhyl High School	4003
Prestatyn High School	4014
Ysgol Glan Clwyd	4020
Denbigh High School	4026
Ysgol Dinas Bran	4027
Ysgol Brynhyfryd	4031
Blessed Edward Jones	4601
St Brigid's	5901

Special Schools	Official Ref. No.
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Ysgol Tir Morfa	7000
Ysgol Plas Brondyffryn	7010

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Primary School Balances As at 31.03.2020

0.5 = Nursery

(Red) = DEFICIT

Cost Centre	School	Balance as at 31.03.2019	Balance as at 31.03.2020	Movement in Year	Total Pupil Nos Sept 2019	Balance per Pupil	School Budget 2019/2020	Balance as %age of Budget
114	Ysgol Betws Gwerfil Goch	36,817	31,914	(4,903)	38	840	226,620	14.08%
116	Ysgol Y Faenol	36,989	43,033	6,044	141	306	615,675	6.99%
117	Ysgol Bodfari	(12,314)	(37,347)	(25,033)	27	(1,383)	210,883	-17.71%
136	Ysgol Carrog	24,791	50,265	25,474	45	1,117	280,274	17.93%
140	Ysgol Cefn Meiriadog	14,264	17,663	3,399	60	294	302,916	5.83%
147	Ysgol Carreg Emlyn	108,338	77,288	(31,050)	73	1,059	417,161	18.53%
162	Ysgol Caer Drewyn	51,251	52,354	1,103	110	478	486,465	10.76%
165	Ysgol Bro Dyfrdwy	41,185	35,594	(5,591)	122	293	506,918	7.02%
168	Ysgol Y Parc Infants	1,934	27,125	25,191	182	149	756,261	3.59%
169	Ysgol Frongoch Juniors	(9,934)	22,124	32,058	202	110	692,721	3.19%
172	Ysgol Twm o'r Nant	33,117	19,769	(13,348)	281	70	1,083,441	1.82%
173	Ysgol Pendref	(117,403)	(132,730)	(15,327)	126	(1,053)	767,331	-17.30%
176	Ysgol Hiraddug	16,053	(30,142)	(46,195)	199	(151)	785,880	-3.84%
196	Ysgol Gellifor	13,011	41,007	27,996	45	922	311,531	13.16%
210	Ysgol Bro Elwern	22,321	40,526	18,205	50	819	300,569	13.48%
219	Ysgol Henllan	18,962	32,501	13,539	61	533	347,777	9.35%
247	Ysgol Bro Famau	26,832	14,286	(12,546)	78	184	429,187	3.33%
249	Llanbedr Controlled	26,026	29,705	3,679	56	530	298,045	9.97%
251	Ysgol Dyffryn Ial	15,351	3,709	(11,642)	47	79	283,558	1.31%
255	Ysgol Bryn Clwyd	15,036	10,193	(4,843)	32	319	244,578	4.17%
258	Ysgol Llanfair D.C.	18,204	668	(17,536)	103	6	453,473	0.15%
266	Ysgol Bryn Collen	8,836	24,898	16,062	154	162	629,105	3.96%
268	Ysgol Bro Cnimeirch	48,180	59,779	11,599	86	695	403,573	14.81%
284	Ysgol Melyd	69,055	21,618	(47,437)	129	168	616,774	3.51%
325	Ysgol Pentrecelyn	(16,080)	(29,418)	(13,338)	34	(878)	230,546	-12.76%
332	Ysgol Bodnant Community School	(46,738)	2,187	48,925	432	5	1,536,803	0.14%
333	Clawdd Offa	143,948	149,975	6,027	364	413	1,379,107	10.87%
336	Ysgol Penmorfa	54,473	123,233	68,760	431	286	1,605,435	7.68%
337	Ysgol Y Llys	71,962	48,106	(23,856)	380	127	1,309,676	3.67%
338	Ysgol Pantpastynog	9,478	11,546	2,068	78	148	326,384	3.54%
351	Ysgol Rhewl	55,693	0	(55,693)	0	0	0	0.00%
361	Ysgol Y Castell	(15,058)	(24,525)	(9,467)	207	(119)	781,247	-3.14%
364	Ysgol Bryn Heddyd	28,834	6,153	(22,681)	444	14	1,458,693	0.42%
365	Christ Church C.P.	72,897	(94,288)	(167,185)	425	(222)	1,727,973	-5.46%
366	Ysgol Dewi Sant	49,135	68,764	19,629	436	158	1,632,740	4.21%
367	Ysgol Emmanuel	171,701	152,914	(18,787)	427	358	1,724,532	8.87%
368	Ysgol Llywelyn	13,118	(23,234)	(36,352)	666	(35)	2,298,105	-1.01%
369	Ysgol Mair R.C.	42,082	0	(42,082)	0	0	0	0.00%
373	Ysgol Borthyn Controlled	(40,818)	(45,045)	(4,227)	100	(453)	500,566	-9.00%
374	Rhos St. C.P.	28,406	63,891	35,485	180	355	735,386	8.69%
375	Ysgol Penbarra	27,993	10,072	(17,921)	264	38	1,001,467	1.01%
390	St. Asaph Infants V.P.	5,529	(3,780)	(9,309)	81	(47)	435,163	-0.87%
392	Ysgol Esgob Morgan	27,826	36,887	9,061	115	321	451,041	8.18%
405	Ysgol Trefnant Controlled	12,683	4,306	(8,377)	82	53	351,600	1.22%
408	Ysgol Tremerchion	8,147	15,834	7,687	71	225	369,917	4.28%
467	Ysgol Gymraeg Y Gwernant	40,945	5,927	(35,018)	138	43	588,667	1.01%
TOTAL		1,253,059	935,305	(317,754)	7,791		31,895,767	2.93%

* Closed 31.08.2018

* Closed 31.08.2019

Average

120

Secondary School Balances

Cost Centre	School	Balance as at 31.03.2019	Balance as at 31.03.2020	Movement in Year	Total Pupil Nos Sept 2019	Balance per Pupil	School Budget 2019/2020	Balance as %age of Budget
513	Denbigh High School	(514,591)	(694,559)	(179,968)	501	(1,386)	3,059,862	-22.70%
527	Ysgol Dinas Bran	103,110	90,061	(13,049)	1,051	86	5,646,230	1.60%
537	Prestatyn High School	(352,793)	(952,314)	(599,521)	1,438	(662)	6,877,825	-13.85%
541	Rhyl High School	(140,454)	(194,903)	(54,449)	1,138	(171)	5,578,012	-3.49%
543	Blessed Edward Jones High School	(513,673)	0	513,673	0	0	0	0.00%
549	Ysgol Brynhyfryd	(392,521)	(163,624)	228,897	1,000	(164)	5,565,300	-2.94%
553	Ysgol Glan Clwyd	159,465	144,894	(14,571)	1,007	144	5,325,224	2.72%
TOTAL		(1,651,455)	(1,770,445)	(118,990)	6,135		32,052,452	-5.52%

* Closed 31.08.2019

Average (289)

Special School Balances

Cost Centre	School	Balance as at 31.03.2019	Balance as at 31.03.2020	Movement in Year	Total Pupil Nos Sept 2019	Balance per Pupil	School Budget 2019/2020	Balance as %age of Budget
619	Ysgol Plas Brondyffryn	402,039	77,006	(325,033)	95	811	3,125,563	2.46%
655	Ysgol Tir Morfa	120,541	198,132	77,591	101	1,962	2,270,517	8.73%
TOTAL		522,580	275,138	(247,442)	196		5,396,080	5.10%

Average 1,404

Middle School Balances

Cost Centre	School	Balance as at 31.03.2019	Balance as at 31.03.2020	Movement in Year	Total Pupil Nos Sept 2019	Balance per Pupil	School Budget 2019/2020	Balance as %age of Budget
790	St. Brigid's	(295,038)	(417,474)	(122,436)	492	(849)	2,320,388	-17.99%
795	Christ the Word	0	(410,112)	(410,112)	647	(634)	2,686,240	-15.27%
TOTAL		(295,038)	(827,586)	(532,548)	1,139		5,006,628	-16.53%

* Opened 01.09.2019,

Average (727)

TOTAL ALL SCHOOLS		(170,854)	(1,387,588)	(1,216,734)	15,261		74,350,928	-1.87%
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Average balance per pupil - all schools

Average (91)

Adroddiad i'r: Pwyllgor Llywodraethu Corfforaethol

Dyddiad y cyfarfod: 27 Ionawr 2021

Aelod Arweiniol / Swyddog Julian Thompson Hill

Awdur yr Adroddiad: Steve Gadd, Pennaeth Cyllid ac Eiddo

Teitl

1. Datganiad Strategaeth Rheoli'r Trysorlys (DSRhT) 2021/22 a Dangosyddion Darbodus 2021/22 i 2023/24 (Atodiad 1)
2. Adroddiad Diweddarau ar Reoli'r Trysorlys 2020/21 (Atodiad 2)

1 Am beth mae'r adroddiad yn sôn?

1.1 Mae'r DSRhT (Atodiad 1) yn dangos sut y bydd y Cyngor yn rheoli ei fuddsoddiadau a'i fenthyciadau ar gyfer y flwyddyn i ddod ac yn pennu'r polisïau ar gyfer gweithredu'r swyddogaeth rheoli trysorlys. Mae'r Adroddiad Diweddarau (Atodiad 2) yn manylu ar weithgareddau rheoli trysorlys y Cyngor yn ystod 2020/21.

2 Beth yw'r rheswm dros lunio'r adroddiad hwn?

2.1 Mae Cod Ymarfer Rheoli Trysorlysoedd y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth yn gofyn i'r Cyngor gymeradwyo'r Datganiad Strategaeth Rheoli'r Trysorlys a'r Dangosyddion Darbodus yn flynyddol. Mae'n rhaid i'r Pwyllgor Llywodraethu Corfforaethol adolygu'r adroddiad hwn cyn iddo gael ei gymeradwyo gan y Cyngor ar 23 Chwefror 2021. Ar ben hynny, rhan o rôl y Pwyllgor yw derbyn yr wybodaeth ddiweddaraf am y gweithgareddau rheoli trysorlys ddwywaith y flwyddyn.

3 Beth yw'r Argymhellion?

3.1 Bod y Pwyllgor yn adolygu Datganiad Strategaeth Rheoli'r Trysorlys ar gyfer 2021/22 a Dangosyddion Darbodus 2021/22, 2022/23 a 2023/24 (Atodiad 1).

3.2 Bod aelodau'n nodi'r Adroddiad Diweddarau ar Reoli Trysorlys (Atodiad 2).

3.3 Bod y Pwyllgor yn cadarnhau ei fod wedi darllen, deall ac ystyried yr Asesiad o'r

Effaith ar Les (Atodiad 3) fel rhan o'i ystyriaethau.

4 Manylion yr Adroddiad

Cefndir

- 4.1 Mae rheoli trysorlys yn golygu edrych ar ôl arian parod y Cyngor, sy'n rhan hanfodol o waith y Cyngor gan fod tua £0.5 biliwn yn mynd drwy gyfrif banc y Cyngor bob blwyddyn.
- 4.2 Ar unrhyw un adeg, mae gan y Cyngor hyd at £20 miliwn mewn arian parod, felly mae angen iddo wneud yn siŵr ei fod yn cyflawni'r gyfradd enillion orau bosibl heb roi'r arian parod mewn perygl, a dyma pam ein bod yn buddsoddi arian gyda nifer o sefydliadau ariannol.

Wrth fuddsoddi, blaenoriaethau'r Cyngor yw:

- cadw arian yn ddiogel (diogelwch)
- sicrhau bod yr arian yn dod yn ôl pan fydd ei angen (hylifedd)
- sicrhau ein bod yn cael cyfradd elw dda (arenillion)

Datganiad Strategaeth Rheoli Trysorlys 2021/22

- 4.3 Mae Datganiad Strategaeth Rheoli Trysorlys 2021/22 wedi'i gynnwys yn Atodiad 1. Mae'r adroddiad hwn yn cynnwys Dangosyddion Darbodus sy'n gosod cyfyngiadau ar weithgarwch rheoli trysorlys y Cyngor fel y dangosir yn Atodiad 1 yn Ychwanegiad A.

Dangosyddion Darbodus Cyfalaf

- 4.4 Mae'r dangosyddion darbodus sy'n ymwneud â chyfalaf wedi'u cynnwys yn yr Adroddiad Strategaeth Cyfalaf sy'n rhoi trosolwg lefel uchel, cryno a chynhwysfawr i'r holl aelodau etholedig o ran sut mae gwariant cyfalaf, ariannu cyfalaf a gweithgaredd rheoli trysorlys yn cyfrannu at ddarpariaeth gwasanaethau'r Cyngor.
- 4.5 Bydd yr Adroddiad Strategaeth Cyfalaf yn cael ei gyflwyno i'r Cyngor ym mis Chwefror ochr yn ochr â'r Cynllun Cyfalaf. Bydd yr adroddiad hwn yn cynnwys y dangosyddion darbodus canlynol sy'n ymwneud â chyfalaf:

Amcangyfrifon o Wariant Cyfalaf ac Ariannu

Cymhareb o Gostau Ariannu i Ffrwd Refeniw Net

Gofyniad Ariannu Cyfalaf

Terfyn awdurdodedig a Ffin Gweithredol ar gyfer Dyled Allanol

5 Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

5.1 Mae Strategaeth Rheoli Trysorlys effeithlon yn galluogi'r Cyngor i leihau ei gostau benthyca ac i ryddhau cyllid ar gyfer ei flaenoriaethau buddsoddi.

6 Faint fydd hyn yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?

6.1 Nid oes unrhyw oblygiadau cost ychwanegol yn codi o ganlyniad i bennu Dangosyddion Darbodus. Pwrpas y Strategaeth Rheoli Trysorlys yw derbyn yr enillion gorau o fewn fframwaith risg a reolir yn briodol.

7 Beth yw prif gasgliadau'r Asesiad o Effaith ar Les?

7.1 Dylai cynllunio ariannol a gwneud penderfyniadau sicrhau y rhoddir ystyriaeth briodol i ofynion Deddf Llesiant Cenedlaethau'r Dyfodol ac, yn benodol, ystyriaeth briodol i effaith hirdymor penderfyniadau ariannol, gan gynnwys y cyfnod ad-dalu a chostau oes gyfan penderfyniadau buddsoddi cyfalaf, cynigion cyllideb â'u heffaith wedi'i hasesu'n briodol a strategaethau dyled a buddsoddiad hirdymor (rheoli trysorlys). Mae egwyddorion pwyll, fforddiadwyedd a chynaliadwyedd eisoes wedi'u cynnwys o fewn gofynion y Cod Darbodus a dylent fod yn sail i gynllunio ariannol a gwneud penderfyniadau.

7.2 Yng nghyd-destun rheoli trysorlys, mae'r gofynion presennol i asesu ac adrodd ar effeithiau hirdymor penderfyniadau buddsoddi a benthyca, gan ddefnyddio dangosyddion darbodus a chynllunio dyled hirdymor, yn cefnogi nodau cynaliadwyedd y Ddeddf Llesiant.

- 7.3 Mae adroddiad yr Asesiad o'r Effaith ar Les wedi'i gynnwys yn Atodiad 3, ac mae'n dangos sut y mae Strategaeth Rheoli Trysorlys effeithlon yn hyrwyddo nodau lles y Ddeddf.

8 Pa ymgynghoriadau sydd wedi'u cynnal gyda Chraffu ac eraill?

- 8.1 Mae'r Cyngor wedi ymgynghori gyda'i ymgynghorwyr rheoli trysorlys, sef Arlingclose Ltd.

9 Datganiad y Prif Swyddog Cyllid

- 9.1 Mae rheoli trysorlys yn golygu gofalu am symiau sylweddol o arian parod, felly mae'n rhan hanfodol o waith y Cyngor. Mae'n gofyn am strategaeth gadarn a rheolaethau priodol i ddiogelu arian y Cyngor, er mwyn sicrhau enillion rhesymol ar fuddsoddiadau a bod dyledion yn cael eu rheoli'n effeithiol ac yn ddoeth.

- 9.2 Yn unol â chod rheoli trysorlys CIPFA mae'n ofynnol i'r Cyngor gymeradwyo Datganiad Strategaeth Rheoli Trysorlys bob blwyddyn ariannol.

10 Pa risgiau sydd yna ac oes yna unrhyw beth y gallwn ei wneud i'w lleihau?

- 10.1 Mae risgiau cynhenid ynghlwm wrth unrhyw weithgaredd rheoli trysorlys fel yr amlinellir yn y Datganiad Strategaeth. Mae gan y Cyngor bolisi rheoli risg ond mae'n amhosibl dileu'r risgiau hyn yn gyfan gwbl.

11 Pŵer i wneud y Penderfyniad

- 11.1 Mae Deddf Llywodraeth Leol 2003 yn pennu'r gofyniad i awdurdodau lleol osod Dangosyddion Darbodus ac yn ei gwneud yn ofynnol i'r Cyngor gydymffurfio â Chod Darbodus Cyllid Cyfalaf ar gyfer Awdurdodau Lleol a luniwyd gan y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth (SSCCCh).

Denbighshire County Council

**Treasury Management Strategy Statement
and Investment Strategy 2021/22 to 2023/24**

Contents

- 1. Background**
- 2. Treasury Position**
- 3. Treasury Investment Strategy**
- 4. Borrowing Strategy**
- 5. Debt Rescheduling**
- 6. MRP Statement 2021/22**
- 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 2021/22 to 2023/24

1 Background

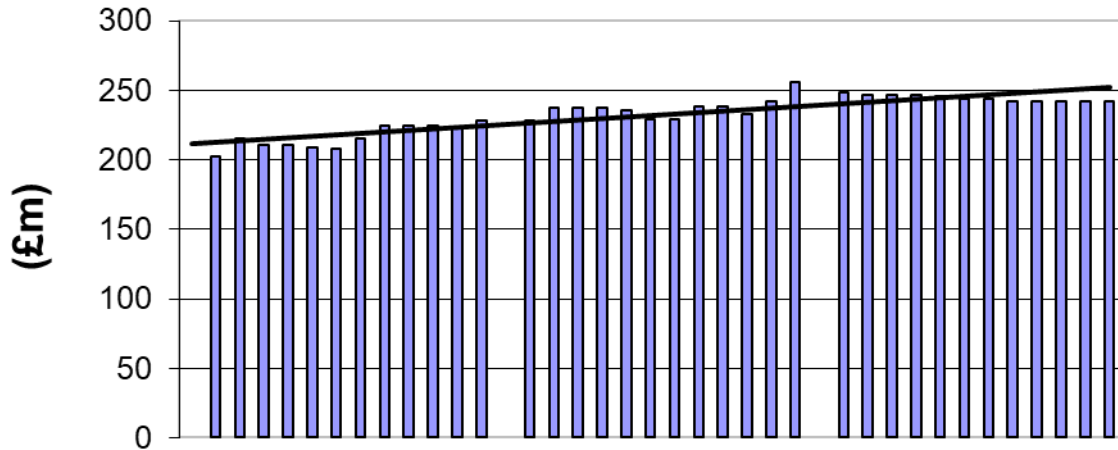
- 1.1 The Council is responsible for its Treasury Management decisions and activity which involves looking after the Council's cash. This is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 1.2 The CIPFA Code of Practice on Treasury 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 2021/22
 - Annual Investment Strategy for 2021/22
 - Prudential Indicators for 2021/22, 2022/23 and 2023/24 (Annex A)
 - Minimum Revenue Provision (MRP) Statement

2 Treasury Position

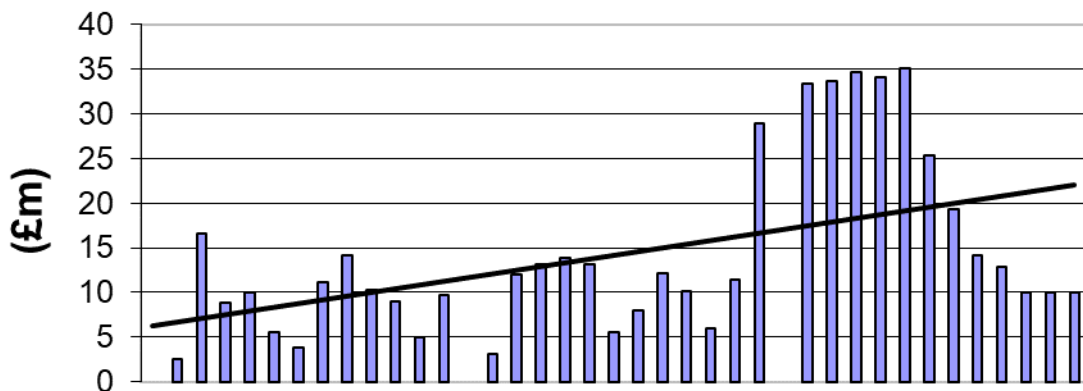
- 2.1 The levels of the Council's borrowing and investment balances over the last three years are shown in the graphs below. The first chart shows the Council's borrowing has increased over this period because the Council has been borrowing to fund its capital plan either from the Public Works Loan Board (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 2021/22 to 2023/24

Borrowing Balances (2018/19 - 2020/21)



Investment Balances (2018/19 - 2020/21)



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 2021/22 to 2023/24

- 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: Treasury Investment Counterparties and Limits

Sector	Time limit	Counterparty limit
The UK Government	50 years	Unlimited
Local authorities & other government entities	25 years	£10m
Secured investments *	25 years	£10m
Banks (unsecured) *	13 months	£5m
Building societies (unsecured) *	13 months	£5m
Registered providers (unsecured) *	5 years	£5m
Money market funds *	n/a	£10m
Strategic pooled funds	n/a	£10m
Real estate investment trusts	n/a	£10m
Other investments *	5 years	£5m

*** Minimum Credit Rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. 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.

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 Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and Building Societies (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.

Registered Providers (Unsecured): 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 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.

Money Market Funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee.

Strategic Pooled Funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

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.

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

- 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 A-.
- 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 2020, 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 investment returns to fall but will protect the principal sum invested.

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

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 locked in a proportion of its debt at the end of March 2020 at a very low rate (HRA Certainty Rate) with the Public Works Loan Board (PWLB) to fund HRA capital expenditure. A new loan for £15m

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

was undertaken over a 10 year period on an Equal Instalment of Principal (EIP) basis at a rate of 0.94%.

- 4.2 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.
- 4.3 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.
- 4.4 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.

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).

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

- 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 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.

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.

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

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 last Treasury Management training session for members was given on 20 November 2019.

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). The operational processes which staff must follow are shown within the Treasury Management Practices (TMPs) which have been updated recently. Since the start of the COVID-19 pandemic, staff have been accessing the Council's TM systems through the Council's remote access system from home. The same processes are followed but a paperless system is now used which involves maintaining the same documentation in PDF format with electronic signatures.

8.2 Treasury Management Advisers

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

- 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. The strategy meetings have been held on line since the beginning of the COVID-19 pandemic. Following a tendering exercise at the end of 2018, the contract

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

was renewed with Arlingclose from 01 January 2019 for three years with an option to extend for a further two year period. This means that the contract will be reviewed at the end of 2021 and extended for a further two year period if the Council is satisfied with the service received.

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.

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

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

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.

**Treasury Management Strategy Statement
and Investment Strategy 2021/22 to 2023/24**

ANNEX A

PRUDENTIAL INDICATORS 2021/22 TO 2023/24

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.

	2020/21 Approved %	2021/22 Estimate %	2022/23 Estimate %	2023/24 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 2021/22 to 2023/24**

Maturity structure of fixed rate borrowing	Actual %	Lower Limit %	Upper Limit %
under 12 months	4.68	0	30
12 months and within 24 months	3.44	0	30
24 months and within 5 years	10.06	0	30
5 years and within 10 years	14.30	0	30
10 years and above	67.52	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	2020/21 Approved £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
	10.00	10.00	10.00	10.00

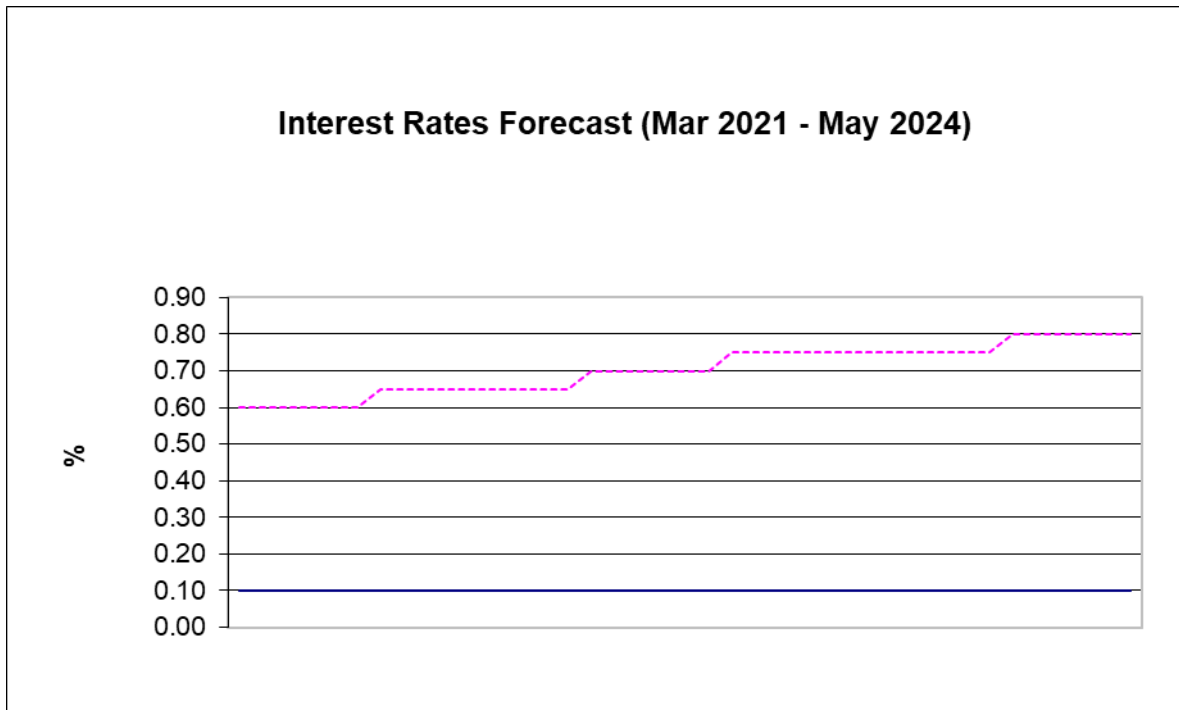
Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

ANNEX B

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 2021 to May 2024. 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 1% 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 1.5%.



———— Official Bank Rate
----- 50-yr GILT Rate

Treasury Management Strategy Statement and Investment Strategy 2021/22 to 2023/24

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 2021/22 to 2023/24

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

Mae tudalen hwn yn fwriadol wag

Treasury Management (TM) Update Report

1 Changes in the external environment

Economic Outlook

- 1.1 The economic outlook remains uncertain following Britain's withdrawal from the EU and the impact of the coronavirus. In view of this uncertainty, the Council will continue to take a cautious approach in relation to its investments.

2 Investment Strategy

- 2.1 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council has placed a far greater emphasis on investing with the UK Government's Debt Management Office in order to minimise these risks.
- 2.2 The Council was concerned about its cash flow position in March as the financial impact of COVID-19 was anticipated to be significant. The Council has been required to make business support payments to businesses over the last 9 months to help them deal with the impact of COVID-19. The Welsh Government has been giving grants in advance to enable local authorities to make these payments. The Welsh Government also gave Revenue Support Grant (RSG) instalments in advance during April to help local authorities to deal with the impact of COVID-19.
- 2.3 At the end of March, the Council also locked in a proportion of its debt at a very low rate (HRA Certainty Rate) with the Public Works Loan Board (PWLB) to fund HRA capital expenditure. A new loan for £15m was undertaken over a 15 year period on an Equal Instalment of Principal (EIP) basis at a rate of 0.94%.
- 2.4 All of these factors resulted in a fairly healthy cash flow position during the first half of 2020/21 which reduced gradually over the period leading up to Christmas. The investment of the cash has been carefully managed and monitored throughout the year to ensure the availability of the cash for making business support payments and other payments as required.
- 2.5 Although the Council's current cash flow position remains sufficient to meet the ongoing pressures arising from the impact of COVID-19, it has been decreasing over the course of the year as the Council's income has been reducing as a result of the impact of COVID-19. This means that the Council's cash flow position will need to be monitored carefully each month going forward.

3 Borrowing Strategy

- 3.1 The Council will therefore continue to undertake temporary borrowing from other local authorities in the future as required to cover short-term cash flow requirements as this is a good source of readily available cash at historically low rates.
- 3.2 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 from the PWLB at the optimal time to fund on-going Capital commitments.

4 PWLB Borrowing Update

- 4.1 In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26th November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.
- 4.2 Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.
- 4.3 The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able to take advantage of the reduction in the PWLB borrowing rate.

5 Controls

5.1 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 2020/21 as stated in the TM Strategy Statement and the Capital Strategy Report agreed by Council in February 2020. The Council has not deviated from the Capital related indicators either.

5.2 From 2019/20, the Capital related Prudential Indicators have been excluded from the Treasury Management Strategy Statement (TMSS) and included in the Capital Strategy Report which is a new report introduced by the 2017 edition of the Prudential Code. It is intended to give 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.

5.3 The Capital Strategy Report was included with the Capital Plan report to Council in February 2020 and included 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

5.4 **Audit Reviews**

Following a positive internal audit review in December 2019, another annual audit review will be undertaken in January or February.

6 **Future**

6.1 **TM Strategy for next six months**

As the further impact of COVID-19 is felt over the coming months and as planned capital expenditure is incurred or delayed in some cases as a result of the pandemic, the Council will continue to monitor its cash flow position to ensure that temporary borrowing is undertaken if required. The Council will also monitor market conditions and interest rate levels to ensure that external PWLB borrowing is undertaken at the optimal time in line with the TM strategy.

6.2 **Reports**

The next reports will be the annual TM Review Report 2020/21 and the TM Update Report 2021/22 which will be reported to the Corporate Governance Committee in July.

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Treasury Management Strategy Statement 2021/22

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 2021/22
Date Completed:	06/01/2021 12:45:28 Version: 17
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	Tudalen 157

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	

Adroddiad i'r: Pwyllgor Llywodraethu Corfforaethol

Dyddiad y cyfarfod: 27 Ionawr 2021

Aelod Arweiniol / Swyddog Y Cynghorydd Hugh Evans – Arweinydd,
Alan Smith - Pennaeth Gwella Busnes a Moderneiddio

Awdur yr Adroddiad: Lisa Lovegrove – Prif Archwilydd Mewnol

Teitl Datganiad Llywodraethu Blynyddol – Diweddariad o ran Gwella

1. **Am beth mae'r adroddiad yn sôn?**

Mae'r adroddiad hwn yn darparu'r wybodaeth ddiweddaraf ar gynnydd wrth weithredu'r cynllun gwella sydd ynghlwm â Datganiad Llywodraethu Blynyddol 2019/20.

2. **Beth yw'r rheswm dros lunio'r adroddiad hwn?**

Darparu gwybodaeth ar sut y mae'r Cyngor yn mynd ati i roi gwelliannau i drefniadau llywodraethu ar waith ers cyhoeddi'r Datganiad Llywodraethu Blynyddol ym mis Gorffennaf 2019.

3. **Beth yw'r Argymhellion?**

I'r Pwyllgor i adolygu a chynnig sylwadau ar gynnydd.

4. **Manylion yr Adroddiad**

Mae'r gwelliannau a nodir yn Natganiad Llywodraethu Blynyddol 2019/20 yn gwneud cynnydd da. Mae Atodiad 1 yn darparu manylion y cynnydd a wnaed yn erbyn pob cam gweithredu.

Bydd diweddariad pellach ar y cynllun gweithredu yn cael ei adrodd i'r pwyllgor ochr yn ochr â Datganiad Llywodraethu Blynyddol 2020/21.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Nid oes angen gwneud penderfyniad ynglŷn â'r adroddiad hwn.

6. Faint fydd hyn yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

7. Beth yw prif gasgliadau'r Asesiad o'r Effaith ar Les?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

8. Pa ymgynghoriadau sydd wedi'u cynnal gyda Chraffu ac eraill?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

9. Datganiad y Prif Swyddog Cyllid

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

10. Pa risgiau sydd yna ac oes yna unrhyw beth y gallwn ei wneud i'w lleihau?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

11. Pŵer i wneud y Penderfyniad

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

Appendix 1 - Governance Improvement Action Plan

Ref.	Improvement actions for 2020/21	Agreed action	Progress as at January 2021
1	Review, update and promote the Strategy for the Prevention of Fraud, Corruption & Bribery. <i>Ongoing from 2018/19</i>	<p>Periodic review of the Strategy and raise awareness as relevant. This will align to the recently published “Fighting Fraud and Corruption Locally Strategy 2020” for Local Government.</p> <p>Monitoring Officer & Chief Internal Auditor, 31 December 2020.</p>	<p>Revised Strategy and Fraud Response Plan drafted and circulated to Monitoring Officer for initial comments before wider circulation.</p> <p><i>Revised date 31 March 2021.</i></p>
2	Financial sustainability of the Council is under substantial pressure due to Covid-19 costs and loss of income.	<p>Emergency budget announcement from Welsh Government (WG) received on 27 May 2020, await clarification of specific allocation to each Authority.</p> <p>Emergency Financial Strategy reported to Cabinet in May 2020 with action to review and produce a Medium Term Financial Strategy and Plan.</p>	<p>Position reported monthly to Cabinet. WG Announcement of funding on 17th August and subsequent statements provided further assurance of WG financial support for the rest of 2020/21. As at December’s report over £11m of</p>

Ref.	Improvement actions for 2020/21	Agreed action	Progress as at January 2021
		Head of Finance & Property Services, 31 July 2020.	financial support had been received by DCC.
3	Finalise and promote the Partnership Framework. <i>Ongoing from 2018/19</i>	Partnership framework to be presented to Cabinet and Corporate Governance & Audit Committee and requirements communicated to relevant persons. Strategic Planning & Performance Manager, 31 December 2020	Document ready and translated – some alterations to ensure compatibility and links, then ready for tabling at committees. <i>Revised date 31 March 2021</i>
4	Ongoing work to promote the officer's code of conduct, declaration of interest, gifts and hospitality and whistleblowing policy. <i>Ongoing from 2018/19</i>	Monitoring completion of mandatory e-learning modules and managers to ensure completion by all staff. Improve arrangements for ensuring staff are prompted to declare conflicts of interest, gifts and hospitality. Strategic HR Manager, 31 March 2021	The e-learning has continued throughout Covid and will now be an on-going action. <i>Ongoing</i> Initial presentations to service management meetings began before lockdown. These were halted during pandemic response. Final audit report on ethical culture about to be

Ref.	Improvement actions for 2020/21	Agreed action	Progress as at January 2021
			<p>released with action plan that includes measures relating to awareness raising and refresh of guidance.</p> <p><i>Revised date 31 December 2021</i></p>
5	<p>Online meetings for council, scrutiny and Corporate Governance & Audit Committee to be established that is available for the public to attend (e.g. live streaming, webcast).</p>	<p>Planning Committee, Cabinet and Member Area Groups meeting remotely in May 2020. Corporate Governance & Audit Committee to meet remotely in July 2020.</p> <p>Council and scrutiny to meet as soon as capacity and capability allows.</p> <p>Monitoring Officer, 30 September 2020</p>	<p>Remote meetings are now in place for council, scrutiny committees and Corporate Governance & Audit Committee.</p> <p>Work to upgrade equipment and systems in the Council Chamber has been completed to enable virtual meetings to be broadcast to the public. Live testing of the system has taken place during the webcast of recent meetings of Partnerships Scrutiny and Planning Committee.</p> <p>As a result of this testing, it is</p>

Ref.	Improvement actions for 2020/21	Agreed action	Progress as at January 2021
			<p>anticipated that a formal announcement may be made that webcasting will commence for all meetings beginning with Cabinet on 19th January 2021.</p>
6	<p>Covid-19 impact on services (including education and social services) and future provision.</p>	<p>Recovery plans established and informed by latest guidance released by government.</p> <p>Senior Leadership Team (SLT), 31 March 2021</p>	<p>Recovery themes agreed and managed by SLT and relevant Lead Member. Oversight provided by the scrutiny committees and Corporate Governance & Audit Committee.</p> <p>Present situation with Covid-19 pandemic means that the Council is again focusing on response. SLT are now meeting weekly and SEMT (Strategic Emergency Management Team) has been reinstated.</p> <p><i>Ongoing</i></p>

Ref.	Improvement actions for 2020/21	Agreed action	Progress as at January 2021
7	Newly formed alternative delivery vehicle 'Denbighshire Leisure Limited' – review effectiveness of governance arrangements, including management of potential conflicts of interest, and impact of covid-19.	<p>Governance structure in place.</p> <p>Internal Audit of Denbighshire Leisure Limited during 2020/21.</p> <p>Chief Internal Auditor, 31 March 2021</p>	Internal Audit of Denbighshire Leisure Limited planned for Q4 2020/21.
8	Address contract management weaknesses highlighted by Internal Audit.	<p>SLT to inform the production of a revised action plan to be presented to Corporate Governance & Audit Committee.</p> <p>Monitoring Officer & Head of Finance & Property Services by November 2020</p> <p>Progress with delivering the action plan to be monitored by Internal Audit and Corporate Governance & Audit Committee.</p> <p>Chief Internal Auditor, 31 March 2021</p>	Revised action plan agreed for contract management as reported to Corporate Governance & Audit Committee in January 2021. Internal Audit and Corporate Governance & Audit Committee will follow up progress with implementing the agreed actions.

Adroddiad i'r	Pwyllgor Llywodraethu Corfforaethol ac Archwilio
Dyddiad y cyfarfod	27 Ionawr 2021
Aelod/Swyddog Arweiniol	Lisa Lovegrove – Prif Archwilydd Mewnol / Gary Williams - Swyddog Monitro
Awdur yr Adroddiad	Lisa Lovegrove – Prif Archwilydd Mewnol
Teitl	Archwiliad Rheoli Contractau - Cynllun Gweithredu Diwygiedig

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad hwn yn cynnig cynllun gweithredu diwygiedig gan fod y cynllun gweithredu a oedd yn cyd-fynd â'r adroddiad Archwilio Mewnol ar Reoli Contractau ym mis Gorffennaf 2020 yn cynnwys camau gweithredu nad ydynt bellach yn berthnasol gan fod oedi gyda'r Adolygiad Gwasanaethau Cynnal Corfforaethol yn cynnwys rheoli contractau yn ystod y pandemig Covid-19.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

Mae'r adroddiad hwn yn cynnig cynllun gweithredu mewn perthynas â'r adroddiad Archwilio Mewnol 'Rheoli Contractau'. Rhoddodd yr adroddiad sicrwydd isel gyda chynllun gweithredu a oedd yn cynnwys camau gweithredu nad ydynt bellach yn ymarferol, felly gofynnodd Llywodraethu Corfforaethol a'r Pwyllgor Archwilio i gynllun gweithredu diwygiedig gael ei ddychwelyd er mwyn i'r pwyllgor allu rhoi sicrwydd y gallai camau gweithredu addas gael eu nodi i fynd i'r afael â'r materion sy'n codi.

3. Beth yw'r Argymhellion?

Bod y pwyllgor yn adolygu'r cynllun gweithredu diwygiedig ac yn penderfynu a oes angen unrhyw adroddiadau diweddarau pellach ynglŷn â chynnydd y cynllun gweithredu gwelliannau.

4. Manylion yr Adroddiad

Mae'r Cynllun Gweithredu Rheoli Contractau Diwygiedig (Atodiad 1) wedi ei ddiweddarau i adlewyrchu newidiadau gan gynnwys dileu unrhyw gyfeiriad at yr Adolygiad Gwasanaethau Cynnal Corfforaethol ar reoli Contractau y mae oedi arno ar hyn o bryd, gyda chyfrifoldeb wedi'i aseinio i swyddogion perthnasol. Mae'r cynllun gweithredu diwygiedig yn dangos fod cynnydd wedi bod gyda rhai camau gweithredu wedi eu cwblhau neu ar y gweill.

Bydd Archwilio Mewnol yn gwneud camau dilynol ar y camau gweithredu sydd ar ôl i'w cymryd er mwyn sicrhau eu bod yn cael eu cwblhau.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

6. Faint fydd yn ei gostio a sut fydd yn effeithio ar wasanaethau eraill?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

7. Beth yw prif gasgliadau'r Aseiad o'r Effaith ar Les?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

8. Pa ymgynghoriadau a gynhaliwyd gyda Chraffu ac eraill?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

9. Datganiad y Prif Swyddog Cyllid

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

10. Pa risgiau sydd yna ac oes yna unrhyw beth y gallwn ei wneud i'w lleihau?

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

11. Pŵer i wneud y Penderfyniad

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

Mae tudalen hwn yn fwriadol wag

Revised Action Plan

Audit Review of: Contract Management

Date: January 2021

Corporate Risk/Issue Severity Key

0	Critical – Significant issues to be brought to the attention of SLT, Cabinet Lead Members and Corporate Governance & Audit Committee
4	Major – Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT.
2	Moderate – Operational issues that are containable at service level

Risk Issue 1	There is a general lack of coordination and central responsibility around the way contract management is being carried out by services.		
Background Detail	Our review highlighted several weaknesses with contract management within services as detailed in this action plan. Overall ownership of contract management across the organisation is unclear, with no one overall responsible for driving organisation-wide contract management performance, consistent arrangements and adherence to CPRs.		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
1.1	Report to SLT highlighting the weakness identified with contract management and non-compliance with CPRs with a view to SLT reviewing arrangements in their own services to ensure that: <ul style="list-style-type: none"> - All contracts are recorded on the Proactis contract management module or other suitable systems (until a decision is taken to replace it); - Signed contracts are obtained for all contracts over £25,000 and held on the Proactis system (or suitable approved contract management system); - Contract management activity is recorded in the contract management module within Proactis, or other method as agreed corporately; - Ensure that the delivery of community benefits is monitored; - Ensure appropriate performance indicators are included within contracts with suitable monitoring of the contractor's performance; - Ensure that contract risks are considered within the procurement and contract monitoring activity. Also, that significant risks are captured on the service risk register. 	Head of Legal, HR & Democratic Services / Head of Finance & Property	28/02/2021

Tudalen 171

Risk Issue 2	Lack of training and guidance has been identified as an issue for staff who carry out contract management as part of their role and this has occasionally resulted in non-compliance with CPRs.		
Background Detail	<p>Our survey of staff who carry out contract management duties shows that they have not received sufficient corporate contract management training. This has led to staff learning the role whilst performing their jobs and with the support and advice from colleagues which has resulted in inconsistent approaches being developed.</p> <p>This issue has been further compounded by services not documenting their contract management procedures into a user manual. Due to staff not being trained/fully understanding contract management, this has resulted in non-compliance with CPRs.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
2.1	<p>Ensure staff involved with managing contracts are suitably trained. Training will be rolled out across the council to all staff who are involved in contract management and delivered in two parts:</p> <ol style="list-style-type: none"> 1. Proactis Contract Management module 2. Contract management principles (to explore the use of e-learning). 	Interim Procurement Managers (LE & SR) & Head of Legal, HR & Democratic Services	Proactis 31/12/2020 (and ongoing thereafter); Contract Management principles underway by 30/04/2021
2.2	<p>Contract Management framework will be produced to document the stages of contract management and include a task list with the minimum recommended activities to undertaken.</p> <p>Scope to develop standard templates at a later stage.</p>	Interim Procurement Managers (LE & SR) & Contract and Performance Manager	31/03/2021
2.3	Contract Managers Forum to be set up to share best practice.	Interim Procurement Managers (LE & SR) & Contract and	31/10/2021

		Performance Manager	
2.4	Once framework circulated and e-learning and training provided, guidance notes to be developed to provide staff with additional information around contract management.	Interim Procurement Managers (LE & SR) & Contract and Performance Manager	31/12/2021

Risk Issue 3	All new contracts over £25k (or renewable contracts under £25k) are now moved onto the Proactis contract management module, but services are still storing key contract management information elsewhere, if at all.		
Background Detail	<p>Although all contracts over £25k or renewable contracts less than £25k are now being moved into the Proactis contract management module, key contract management information is not being attached. Services are storing information in various other locations, if at all, and this has meant that key information such as signed contracts are difficult to locate.</p> <p>Staff have received training on using Proactis for its procurement function, but not all staff received training on the contract management module. A programme of training is due to be rolled out across services soon.</p> <p>For this to be effective, monitoring or reporting including an escalation process will be required to highlight where officers are not attaching contract documents/evidence.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
3.1	<p>Procurement business partners to run a Proactis report showing a list of contracts by service area and share with service management teams in order for the Heads of Service to ensure that contracts are appropriately uploaded.</p> <p>Scope to include contract risk categorisation score down the line once the contract management framework is launched.</p>	Procurement Business Partners & Heads of Service	31/03/2021
3.2	A review of the current contract management system (Proactis) to be undertaken to establish if the system is still fit for purpose. If the current system is considered unfit, then a business case will be formed to justify replacement.	Head of Legal, HR & Democratic Services / Head of Finance & Property	31/12/2021
3.3	See also Action 1.1	N/a	N/a

Tudalen 175

Risk Issue 4	The level of performance monitoring around contracts is weak with staff not recording meetings, maintaining performance records and completing information around KPIs (key performance indicators).		
Background Detail	<p>A common theme that has been identified across the services is the level of information that is being documented and retained. In the majority of services: agendas are not being produced, minutes are not being taken of meetings held and contract performance is not being reported.</p> <p>The lack of information recorded could make it difficult to take action against a contractor for poor performance as no evidence would be available to demonstrate the contractor had been notified of underperformance.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
4.1	Review the commissioning form to include a section on KPIs to prompt for their inclusion in relevant contracts e.g. high and medium risk/strategic contracts.	Legal & Procurement Operations Manager	31/03/2020 (since completed)
4.2	Proactis has the potential to send out reminders if monitoring is not completed/uploaded through creation of tasks. This will be included as part of the Proactis contract management training (see action 2.1).	Interim Procurement Managers (LE & SR)	30/4/2021
4.3	Actions 1.1, 2.2 and 2.3 will also address.	N/a	N/a

Risk Issue 5	Significant contracts in a number of cases did not have a risk assessment so that major risks identified could be managed accordingly. Without this, major risks could materialise and cause significant impact where it could have been avoided. For those contracts that had been assessed, there is little evidence to show they are updated regularly.		
Background Detail	Discussion with the various services identified the majority of services do not complete a risk assessment for every new significant contract and attach a risk rating. However, those that have assessed their contracts, we noted very little evidence that the contracts were being re-assessed periodically and the risks updated accordingly. In the main, high / medium risk contracts were not being reported to the senior management team, and no contingency measures had been produced.		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
5.1	Review of the contract management system confirms it has the functionality to record contract risks. Mandatory field to be added to Proactis to capture the information and enable reporting	Interim Procurement Managers (LE & SR)	31/03/2021
5.2	All risks associated with operating a contract need to be recorded on a pre-contract risk form. A Contract Management framework will be taken to SLT for approval with the view for it to be adopted for all new contracts and applied by all services.	Interim Procurement Managers (LE & SR), Contracts & Performance Manager and SLT	31/03/2021
5.3	Review that contract risks identified (e.g. within the procurement commissioning form) are considered in the contract specification and contract T&Cs, where relevant. Details to be included in the flow chart (action 1.3) and user guidance (action 1.4).	CSSR Commissioning, Procurement & Contract Management Leads	31/03/2021
5.3	Contract risk scores will be picked up in Proactis reports generated for service management teams to review and Heads of Service to ensure that the framework is applied appropriately.	Interim Procurement Managers (LE & SR) & Heads of Service	31/03/2021
5.4	See also action 1.1, Heads of Service to ensure that any contracts deemed as a significant risk to the service or council are captured on the service risk register where appropriate.	N/a	N/a

Tudalen 177

Risk Issue 6	Currently, services are not including community benefits into contracts worth between £25k and £1m. Where it has been included, very little monitoring is being carried out.		
Background Detail	<p>Similar to the issues raised in our recent review of Section 106 (report issued May 2019), this review highlights that there is no community benefit strategy or policy in place to provide staff with guidance on what is expected of them.</p> <p>Community benefits is an area currently being underutilised by services as they have not been properly briefed on what can be included. Those services that have included community benefit have struggled to either use the benefit provided or have not been monitoring the benefit due to lack of knowledge/understanding.</p> <p>Discussion with the Framework Manager – Legal, HR & Democratic Services has confirmed these issues have already been identified and the team are looking at how they can best be addressed through the Community Benefits Hub which is being set up.</p>		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
6.1	Community Benefit Hub will monitor all community benefits centrally to coordinate and ensure that they are delivered. <i>Links to Internal Audit review of Section 106 agreements</i>	Framework Manager – Legal, HR & Democratic Services	31/03/2020 (since completed)
6.2	See also Actions 1.1	N/a	N/a

Tudalen 178

Rhaglen Gwaith i'r Dyfodol Llywodraethu Corfforaethol a'r Pwyllgor Archwilio

17 Mawrth 2021		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Craffu (os oes rhai)	Cydlynnydd Craffu - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democraataidd
		Adroddiadau	
	4	Archwiliad Mewnol o Daliadau Uniongyrchol i Blant (gan gynnwys astudiaethau achos)	Pennaeth Archwilio Mewnol – Lisa Lovegrove
	5	Proses y Gyllideb	Pennaeth Cyllid - Steve Gadd
	6	Ardystio Grantiau a Ffurflenni Grant 2019/20	Pennaeth Cyllid - Steve Gadd
	7	Crynodeb Llythyr Archwiliad Blynnyddol	Pennaeth Cyllid - Steve Gadd
28 Ebrill 2021		Eitemau Sefydlog	
Eiddalen 179	1	Materion a Gyfeiriwyd gan y Pwyllgorau Craffu (os oes rhai)	Cydlynnydd Craffu - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Pennaeth Archwilio Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democraataidd
		Adroddiadau	
	5	Proses y Gyllideb	Pennaeth Cyllid - Steve Gadd
	6		
	7		
9 Mehefin 2021		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Craffu (os oes rhai)	Cydlynnydd Craffu - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democraataidd

Rhaglen Gwaith i'r Dyfodol Llywodraethu Corfforaethol a'r Pwyllgor Archwilio

		Adroddiadau	
	4	Datganiad Cyfrifon	Pennaeth Cyllid - Steve Gadd
	5	Cynllun Archwilio Blynyddol Swyddfa Archwilio Cymru – Symud i fis Mawrth	Pennaeth Cyllid - Steve Gadd
	6		
28 Gorffennaf 2021		Eitemau Sefydlog	
Tudalen 180	1	Materion a Gyfeiriwyd gan y Pwyllgorau Craffu (os oes rhai)	Cydlynnydd Craffu - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Pennaeth Archwilio Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democrataidd
		Adroddiadau	
	5		
	6		
	7		
22 Medi 2021		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Craffu (os oes rhai)	Cydlynnydd Craffu - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democrataidd
		Adroddiadau	
	5	Adroddiad dilynol Pwysau Costau Cyllidebol y Gwasanaethau Cymdeithasol	Swyddfa Archwilio Cymru
	6	Incwm Parcio	Pennaeth Archwilio Mewnol – Lisa Lovegrove

Rhaglen Gwaith i'r Dyfodol Llywodraethu Corfforaethol a'r Pwyllgor Archwilio

	7		
24 Tachwedd 202		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Craffu (os oes rhai)	Cydlynnydd Craffu - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Pennaeth Archwilio Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democraidd
		Adroddiadau	
	5		
	6		
Tudalen 181	7		
EITEMAU'R DYFODOL			
	1	Cynllun gweithredu wedi ei ddiweddarau o'r Adroddiad Rhannu Pryderon	Pennaeth Gwasanaethau Cyfreithiol, AD a Democraidd

DS Nid yw union ddyddiad cyhoeddi adroddiadau achlysurol gan er enghraifft Swyddfa Archwilio Cymru neu Adroddiadau Blynnyddol gan yr Ombwdsmon yn hysbys ar hyn o bryd. Bydd dyddiad cyfarfod yn cael ei neilltuo ar eu cyfer cyn gynted ag y bo'n ymarferol.

Dyddiad Diweddarau: 13/01/2021 SJ

Mae tudalen hwn yn fwiadol wag

Adroddiad i'r: Pwyllgor Llywodraethu Corfforaethol ac Archwilio

Dyddiad y cyfarfod: 27 Ionawr 2021

Aelod Arweiniol / Swyddog Y Cyng. Julian Thompson Hill / Lisa Lovegrove – Prif Archwilydd Mewnol

Awdur yr Adroddiad: Lisa Lovegrove – Prif Archwilydd Mewnol

Teitl Diweddariad Archwilio Mewnol

1. **Am beth mae'r adroddiad yn sôn?**

Mae'r adroddiad hwn yn rhoi diweddariad i'r Pwyllgor Llywodraethu Corfforaethol ac Archwilio ar gynnydd diweddaraf Archwilio Mewnol o ran sut y mae'n darparu gwasanaeth, darparu sicrwydd, adolygiadau a gwblhawyd, perfformiad ac effeithiolrwydd mewn ysgogi gwelliant. Mae hefyd yn cynnwys y wybodaeth ddiweddaraf ar gynnydd gydag Arfer Da CIPFA ar gyfer Pwyllgorau Archwilio.

2. **Beth yw'r rheswm dros lunio'r adroddiad hwn?**

Darparu gwybodaeth am y gwaith a wnaed gan yr Adain Archwilio Mewnol ers cyfarfod diwethaf y Pwyllgor. Mae'n galluogi'r Pwyllgor i fonitro perfformiad a chynnydd yr Adain Archwilio Mewnol yn ogystal â darparu crynodebau o adroddiadau Archwilio Mewnol er mwyn i'r Pwyllgor gael sicrwydd ar wasanaethau eraill y Cyngor a meysydd corfforaethol. Mae hyn yn galluogi'r pwyllgor i gyflawni ei gyfrifoldebau yn unol â'i Gylch Gorchwyl. Bydd cyflawni'r cynllun archwilio yn cynorthwyo'r pwyllgor i gael sicrwydd bod y Datganiad Llywodraethu Blynyddol yn adlewyrchu amodau'r Cyngor yn briodol.

3. **Beth yw'r Argymhellion?**

Bod y Pwyllgor yn ystyried cynnwys yr adroddiad, asesu cynnydd a pherfformiad yr Adain Archwilio Mewnol.

Bod y Pwyllgor yn penderfynu os yw angen sicrwydd pellach ynghylch unrhyw feysydd a archwiliwyd i ddilyn cynnydd o ran gweithredu'r cynlluniau gweithredu gwelliant.

4. Manylion yr Adroddiad

Mae atodiad 1 yn rhoi diweddariad ar y gwaith archwilio mewnol a wnaed ers yr adroddiad diweddaru diwethaf i'r pwyllgor yn Nhachwedd 2020. Ers yr adroddiad diweddariad Pwyllgor Llywodraethu Corfforaethol ac Archwilio mae chwe archwiliad wedi eu cwblhau, a rhoddwyd graddfa sicrwydd isel i ddau ohonynt ac mae'r adroddiadau archwilio wedi eu cynnwys fel Atodiad 2 a 3.

Yng ngoleuni'r pandemig coronafeirws, mae'r tîm archwilio mewnol yn parhau i ddarparu cyngor a chefnogaeth mewn perthynas â newidiadau i drefniadau rheoli y mae'r Cyngor yn gorfod eu gweithredu i ymateb i'r pandemig. Rydym wedi blaenoriaethu'r archwiliadau a gynlluniwyd ar gyfer 2020/21 fel adroddwyd i'r pwyllgor yn Nhachwedd 2020 a, tra bod ymgysylltiad gan wasanaethau yn gyffredinol dda, mae Covid-19 yn parhau i effeithio ar gyflymder a chynnydd rhai o'n harchwiliadau.

Mae atodiad 1 yn dangos yr effaith ar gynnydd yn erbyn y Cynllun Archwilio ar gyfer 2020/21 yn rhannol oherwydd Covid-19, ond hefyd oherwydd gostyngiad dros dro mewn adnoddau archwilio fel nodwyd yn Nhachwedd 2020. Rydym wedi penodi Uwch Archwilydd ar gontract dros dro 12 mis i gyflenwi ar gyfer yr Uwch Archwilydd a secondwyd i'r Tîm Profi, Olrhain a Diogelu ym Mehefin 2020. Cafwyd cadarnhad hefyd na fydd yr adnodd sydd ar gael i'r Prif Archwilydd Mewnol yn lleihau, felly bydd y broses recriwtio i lenwi'r swydd Archwilydd yn cychwyn yn fuan.

Mae'r Cynllun Archwilio yn cael ei adolygu yn rheolaidd, yn ogystal â'r cynnydd o ran cyflwyno gwaith sicrwydd, i weld os gall y Prif Archwilydd Mewnol ffurfio Barn Flynyddol ar lywodraethu, rheoli risg a threfniadau rheoli mewnol heb unrhyw gyfyngiadau cwmpas. Yn ddiweddar mae CIPFA wedi rhyddhau canllawiau ar gyfer darparu Barn Flynyddol gyda Chyfyngiadau Cwmpas a fydd yn cael ei ddefnyddio pe bai angen.

Rhoddyd adroddiad sicrwydd isel i Atodiad 2, Adroddiad Archwilio Mewnol ar Ddarpariaeth Llety Digartref a bydd cynrychiolwyr y gwasanaeth yn bresennol i ddarparu sicrwydd angenrheidiol pe bai angen.

Cafodd Atodiad 3, adroddiad Archwilio Mewnol ar brosiect Adeiladau'r Frenhines sicrwydd isel hefyd a bydd cynrychiolwyr y prosiect hwn yn bresennol i roi'r sicrwydd angenrheidiol pe bai angen.

Argymhellir, yn unol ag Adran 100A (4) Deddf Llywodraeth Leol 1972, y dylid gwahardd y Wasg a'r Cyhoedd o'r cyfarfod wrth ystyried Atodiad 3 oherwydd y tebygolrwydd y caiff gwybodaeth eithriedig, fel y diffinnir ym mharagraff 16 Rhan 4 o Atodlen 12A y Ddeddf, ei datgelu.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Nid oes angen gwneud penderfyniad ynglŷn â'r adroddiad hwn. Nid oes cyfraniad uniongyrchol at y Blaenoriaethau Corfforaethol, ond bydd rhai prosiectau yn y Cynllun yn adolygu meysydd Blaenoriaethau Corfforaethol ac yn darparu sicrwydd ar eu darpariaeth.

6. Faint fydd hyn yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?

Amherthnasol – nid oes penderfyniad na chostau yn gysylltiedig â'r adroddiad.

7. Beth yw prif gasgliadau'r Aseiad o'r Effaith ar Les?

Amherthnasol - nid oes angen penderfyniad na chynnig ar gyfer newid mewn perthynas â'r adroddiad hwn.

8. Pa ymgynghoriadau sydd wedi'u cynnal gyda Chraffu ac eraill?

Amherthnasol.

9. Datganiad y Prif Swyddog Cyllid

Nid oes unrhyw oblygiadau ariannol ynghlwm wrth yr adroddiad hwn.

10. Pa risgiau sydd yna ac oes yna unrhyw beth y gallwn ei wneud i'w lleihau?

Mae risg na fydd y Prif Archwilydd Mewnol yn gallu cael sicrwydd digonol i gyflwyno barn flynyddol gyflawn yn unol â Safonau Archwilio Mewnol y Sector Cyhoeddus Mae'r archwiliadau sy'n weddill yn cael eu blaenoriaethu i ymdrin â llywodraethu, rheoli risg a rheolaethau mewnol a bydd y cwmpas ar gyfer yr archwiliadau hyn yn canolbwyntio ar risgiau allweddol. Yn ddiweddar mae CIPFA wedi cyhoeddi canllawiau ar ddarparu barn flynyddol i roi cyfrif am unrhyw gyfyngiadau.

11. Pŵer i wneud y Penderfyniad

Amherthnasol – nid oes angen gwneud unrhyw benderfyniad gyda'r adroddiad hwn.

Internal Audit Update

January 2021

Contents

Contents	2
Internal Audit Reports Recently Issued	3
Provision of Homeless Accommodation – December 2020	3
Recruitment & Retention – December 2020	5
Ysgol Pendref – December 2020.....	6
Ethical Culture – January 2021	7
Queen’s Buildings – January 2021	8
Data Protection & Freedom of Information – January 2021	10
Progress in Delivering the Internal Audit Assurance	12
Progress with Counter Fraud Work	16
Referrals 2020/21	16
Internal Audit Performance Standards	17
CIPFA Practical Guidance for Audit Committees – Update.....	18
Appendix 1 – Assurance Level Definition.....	19

Internal Audit Reports Recently Issued

Since the last Internal Audit Update report in November 2020, Internal Audit has completed six 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
Provision of Homeless Accommodation	Low ●	0	2	5
Recruitment & Retention	High ●	0	0	2
Ysgol Pendref	Medium ●	0	0	6
Ethical Culture	Medium ●	0	0	3
Queen’s Buildings	Low ●	0	2	2
Data Protection & Freedom of Information	Medium ●	0	0	3

Provision of Homeless Accommodation – December 2020

Low Assurance ● Number of Risk Issues: 2 Major ● 5 Moderate ●

This review focussed on the provision of emergency (bed & breakfasts, hotels, caravans, etc.) and temporary leased accommodation, and the long term solutions that will be put in place to minimise their use. We carried out a review of Homelessness between January – March 2020, prior to the Covid-19 lockdown that has greatly impacted the Community Support Services (CSS) and has substantially increased the demand for temporary and emergency accommodation.

Strategically, there has previously been a lack of clear direction and a co-ordinated approach to address the prolonged use of temporary and emergency accommodation and progress has been slow in creating more permanent solutions to minimise the use of this type of accommodation. The Strategic Housing & Homelessness Group (SHHG) and

cross-service management team now provides a more cohesive steer, together with a corporate action plan, which has prompted better engagement across services to explore alternative solutions.

There are effective governance arrangements in place, including: terms of reference for the SHHG, and elected members are monitoring progress through the Partnership Scrutiny Committee meetings.

There has been a considerable improvement to reduce the amount of paper used by the team and ensure that key information is recorded. However, some key information is not being recorded effectively or efficiently.

Sample testing of the accommodation process was positive overall: documented agreements were in place with the landlord for leased accommodation; landlords were paid as agreed; and there was a signed agreement with the citizen when allocating emergency or temporary leased accommodation. There is also adequate separation of duties with setting up and amending properties and occupations on the Open Housing system.

A summary of the issues raised is listed below:

- Citizens are staying in emergency and temporary accommodation for lengthy periods.
- Insufficient monitoring of: the suitability of accommodation, compliance with the Housing Act (Wales) 2014 and to evidence why support is being provided to the citizen.
- Lack of documented guidance for key processes e.g. assessment process, allocation of temporary and emergency accommodation, charging and payments and arrears.
- While staff discuss with their supervisors where there is a personal interest, declaration of interest forms are not routinely completed.
- Lack of evidence to demonstrate that adequate action is being taken to secure alternative accommodation, sufficient checks are being carried out on the citizen or that the person has a genuine homeless need.

- Where there is a shortfall between the occupation charge and benefits available, the council usually covers the difference. While discretion can be applied based on individual circumstances, there is little evidence of efforts taken to minimise the shortfall.
- Lack of regular monitoring of occupation accounts will result in outstanding debts not being recovered promptly.

Overall, while considerable action has been undertaken recently to make improvements, because of the significance of the risks being raised, we provide a low assurance rating. Further details of the issues raised together with the agreed actions identified to address them are available in the audit report, see Appendix 2.

Recruitment & Retention – December 2020

High Assurance ●

Number of Risk Issues: 2 Moderate ●

This review focused on Human Resources' (HR) role in the recruitment and retention of staff within the council, specifically: policies and procedures relating to recruitment and retention of staff; compliance e.g. DBS checks, qualification, reference and right to work in the UK; retention procedures, measures and initiatives; advertising and marketing to fill vacant posts; and monitoring of filled/unfilled vacancies.

The overall opinion following the review is that HR has a recruitment policy in place that is updated regularly and HR business partners provide support and advice to managers around the recruitment of staff. Although there is no formal retention strategy or plan, HR have an Organisation Development Specialist whose role is to work with managers to look at solutions to recruit into difficult to fill vacancies/vacancies with a high turnover. This may include a review of the pay and benefits currently being offered to staff to see if they remain attractive.

We raised two moderate risk issues as follows:

- Absence of interview scoring sheets could leave the council open to challenge over its appointments.
- Lack of retention strategy could result in the council not effectively targeting key service areas that are struggling to retain/recruit staff e.g. social care workers.

Ysgol Pendref – December 2020

Medium Assurance ● Number of Risk Issues: 6 Moderate ●

This review was carried out in February – March 2020, with the Covid-19 pandemic causing a delay to finalising the report. The school completed a Control Risk Self-Assessment prior to the review, which was used to inform our scope and testing to focus on perceived areas of weakness or potential risk to the school.

Significant improvements have been made since the new head teacher and chair of governors have been appointed and governance arrangements have improved. However, there is still work to be done around governance, policies and procedures and financial controls, which are key elements to ensure an effectively run school.

Three designated safeguarding officers are in place and have been approved by the board of governors; however, only two have completed the safeguarding level 3 training. We confirmed that evidence of staff, volunteers and governors' DBS (Data Barring Service) check is kept by the school.

Financial controls are in place with ParentPay (cashless school payment system) used to collect school dinners and the Proactis system is used to purchase goods and services.

A statistical return/PLASC return is updated annually and a copy is kept at the school. The summary return is authorised by the head teacher and updated on SIMS accordingly.

Site security including fire safety and health and safety assessments are in place,

Six moderate risk issues were raised, see below, with actions agreed to address them:

- A number of issues relating to the Governing Body structure, including governor vacancies and governance arrangements.
- Not all statutory policies have been produced and approved by the governing body.
- The school's financial and budgetary controls need to be rigorously monitored.
- The school does not have a lettings policy approved to cover use of the premises by external parties.
- The school does not maintain a register of its assets.
- While governors sign a declaration of interest form, staff do not.

Ethical Culture – January 2021

Medium Assurance ● Number of Risk Issues: 3 Moderate ●

The purpose of the review is to evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities. This is in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS) and will inform the Internal Audit Annual Report and the Annual Governance Statement.

The review focused on the following areas: governance and accountability; training and awareness of members and staff of ethical culture; structure, recruitment & communications; processes; and compliance and monitoring.

Testing comprised the use of: a staff survey (1,070 out of approximately 4,200 staff responded); member survey (17 out of 47 responded); discussions with service performance officers and school representatives; and documentary review e.g. standards committee agenda and minutes.

The review outcome was positive overall, for instance:

- The council uses various methods of communication to promote and raise awareness of ethical culture and behaviour to staff and members.
- The council uses various indicators and measures for monitoring ethical culture and behaviour include training and development, sickness absence and performance appraisals. Additional opportunities could be explored to strengthen monitoring of staff awareness of ethical behaviour and culture, such as incorporating questions into the bi-annual staff survey or conducting a separate staff survey on ethical culture
- The National Fraud Initiative (NFI) system is used as a monitoring mechanism, which the Internal Audit team coordinates, and this includes reviewing matches for potential conflicts of interests in procurement and accounts payable.
- Members are regularly making declaration of interests during committee meetings
- There were positive results from the ethical culture survey we carried out demonstrating the awareness of members of corporate processes for making declarations of interests and raising an ethical concern, which is as a result of continuous monitoring and promotion of the members' code of conduct by officers.

We raised three moderate risk issues, as follows:

- Survey results indicated a general lack of awareness by staff of corporate policies, procedures and guidance relating to ethical working. The roll-out of e-learning modules is in progress which will aid in improving awareness.
- Survey responses indicated that some staff felt that concerns raised would not be treated confidentially. Further work is required to improve staff confidence in the whistle blowing process
- Not all staff are declaring personal and business interests or when in receipt of gifts and hospitality. There is no robust mechanism to enable them to do this. The current code of conduct would benefit from a review to ensure it is relevant and clear to staff what their responsibility is and provide guidelines on the methods for recording a conflict of interest to ensure all the relevant information is received

We also highlighted that there is no formal process to monitor contractors' compliance with an agreed contract. This has recently been raised as an issue in our Contract Management review with an agreed action already identified.

Queen's Buildings – January 2021

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

The scope for this review covered the following areas: roles and responsibilities and governance arrangements; finance and grant funding; and project delivery and risk management.

The Queen's Buildings redevelopment is a large and ambitious project that encompasses three phases and is in an early stage of development. The project has already been through a number of significant changes within its lifecycle, particularly as some of the key officers involved in the project have either left the council, or are no longer involved in the project. This included the Head of Finance, Corporate Director (Economic & Community Ambition), and several changes within the project executive role. Despite these changes, it has followed corporate project management guidance in terms of the roles and responsibilities with a designated project manager, project executive and a separate project board. The project board meets regularly and is well attended.

The project also feeds into the Rhyl Regeneration Programme Board as part of a wider remit to regenerate the town centre. Although the project has been discussed with the programme board, there is a lack of evidence to support that the project board has sufficiently referred key issues to them.

Both Cabinet and the Strategic Investment Group (SIG) approved the original business case to support the Queen's Buildings redevelopment for Phases 1 and 2, on the understanding that it was to be externally funded with the council providing funding initially so that elements of the work could proceed in order to obtain grant funding. Cabinet have been regularly briefed; during the outset of the Covid-19 pandemic it was unable to make a formal approval to confirm that the council will now bear this cost. Future planned costs to complete Phase 1 would double those originally envisaged and there is now a requirement to secure future funding. In September 2020, Cabinet approved the request for £1.5 million additional funding which will assist in meeting some of the funding shortfall. Robust scrutiny should have been put in place from the beginning of the project, to ensure that estimated costings were reasonable going forward, although some additional costs were unforeseen.

A revised business case was taken to Cabinet in September 2020, but the minutes do not demonstrate approval. The council will also need to consider its priorities post-COVID-19 for future phases of the project as these may be different.

Contract Procedure Rules (CPRs) have not been adhered to and there has also been a lack of internal legal involvement with respect to certain legal advice obtained for this project without Legal Service's oversight.

Key project management information is accessible and up-to-date, regular highlight reports are prepared detailing the overall status of the project, along with any risks or issues, particularly around the financing aspect. However, there is no change log maintained.

While the benefits of the project are detailed in both the original and revised business cases, it has not been explored how these will be measured and there is no mechanism to share good practice or lessons learnt from the project.

While there were some positive aspects within our review, because of the procurement concerns and the significant funding issue, we provide a low assurance rating overall. The full report is available, see appendix 3.

Data Protection & Freedom of Information – January 2021

Medium Assurance ● Number of Risk Issues: 3 Moderate ●

This review of Data Protection and Freedom of Information (FOI) included changes in working arrangements where the majority of staff are now working from home due to the Covid-19 pandemic as per Welsh Government guidance. Our review focussed on the following areas: exemptions and redactions; recording mechanisms for Subject Access Requests, FOI requests and Environmental Information Requests; communication mechanisms and training; monitoring and performance; complaints/internal review; and data protection and home working.

There are clear and comprehensive policies and procedures in place, which are accessible to all staff in services and schools as well as the general public. Policies include the Data Protection policy, Freedom of Information (FOI) policy and Subject Access Requests. The FOI policy has not been reviewed since April 2013. Policies also need to be updated using the revised corporate policy template to meet new website accessibility regulations.

Designated Information Management Officers (IMO) within services coordinate a response to the information request, which is quality controlled by a senior officer before sending to the Access to Information team or directly to the requestor. Training and support is provided to IMOs through Information Workshops, annual conferences and newsletters.

There is an effective mechanism in place for monitoring performance in relation to access to information requests received for corporate services, which are recorded regularly. Performance monitoring enables the Access to Information team to identify services who require additional support and training. Performance monitoring does not currently include school information nor is it captured or reported corporately i.e. to Corporate Governance & Audit Committee as is the case for council services.

An escalation process is in place for complex FOI requests and complaints. While infrequent, delays in responding to access to information requests can occur due to services not always providing the information to the team within agreed timescales as well as a lack of resources within Legal Services to provide advice and guidance on complex requests and complaints.

Since March 2020, the majority of staff are working from home due to Covid-19 in keeping with Welsh Government guidance. Although managers have been proactive in advising staff to lock laptops and keeping documents locked away etc. there has been an increase in data protection breaches; one of which was reported to the ICO. Sample testing involving a survey of staff and line managers confirmed that the overall awareness of data security processes and how to report and address data protection breaches was good. The Information Governance Group Action Plan shows that refresher training is planned to enhance staff awareness of data protection to prevent further data protection breaches.

Progress in Delivering the Internal Audit Assurance

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

- Denbighshire Leisure Limited
- ICT Capacity and Resilience
- Risk Management – corporate risks not covered by other audits.

In light of the coronavirus pandemic, the internal audit team continues to support and advise services regarding changes to arrangements that the Council is having to implement at pace to respond to the pandemic. We continue to carry out audits remotely and make progress with the highest priority areas within the 2020/21 plan of work (agreed in July 2020) with good engagement from services; however, the pace and progression of audits continues to be impacted.

The table below provides an update on progress against the Audit Plan for 2020/21 with a number of projects being put on hold and some which can no longer be carried out this financial year. This is partly due to the pandemic but also due to the temporary reduction in audit resource, as reported in November 2020. We have successfully appointed a Senior Auditor for a 12 month temporary contract (to backfill for the Senior Auditor seconded to the Test Trace Protect team) and had confirmation that the resources available to the Chief Internal Auditor will not be reduced; therefore, recruitment into the vacant Auditor post will be initiated shortly.

The Audit Plan will remain under review, as will the utilisation of available internal audit resource, in the context of the Council's ongoing response to the Covid-19 pandemic and to ensure that we continue to focus our work on areas of greatest risk to the Council. Any high priority areas which we are unable to complete in 2020/21 will be carried forward to next year's Audit Plan (2021/22).

The Chief Internal Auditor also needs to make an assessment whether sufficient assurance work will be carried out during the year to enable her to form an Annual Opinion on governance, risk management and internal control arrangements without any scope limitations. CIPFA has recently released guidance for providing an Annual Opinion with Scope Limitations which will be used should it be required.

Internal Audit Update – January 2021

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
AONB Grant	Complete	Grant certification	0	0	0	Annual accounts audit
Provision of Homeless Accommodation	Complete	Low ●	0	2	5	
Deprivation of Liberty Safeguards	On hold	-	-	-	-	2021-22. Awaiting revised Welsh Government guidance
Education Improvement Grant	No longer required	-	-	-	-	Grant terms and condition no longer require audit.
Pupil Improvement Grant	Complete	High ●	0	0	1	Annual grant certification
Financial Management System 2019-20	Complete	Not applicable ●	-	-	-	Project at an early stage so unable to give an assurance rating.
Treasury Management 2019-20	Complete	High ●	0	0	3	
Accounts Payable 2019-20	Complete	High ●	0	0	0	
Direct Payments for Children	Complete	Low ●	0	4	2	
Recruitment & Retention	Complete	High ●	0	0	2	
Health & Safety Enforcement	Complete	High ●	0	0	4	
Schools audit: Ysgol Pendref	Complete	Medium ●	0	0	6	
School Audit: Ysgol Bro Cinmeirch	Closing Meeting	-				Delayed due to Covid-19
Supply Chain Risk	Closing meeting	-	-	-	-	
Housing Support Grant	Complete	High ●	0	0	0	
Rhyl Regeneration Programme	Final Draft	-	-	-	-	
Project Management: SC2	Closing meeting	-				Nearing completion
Project Management: Queens Market	Complete	Low ●	0	2	2	

Internal Audit Update – January 2021

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Business Rates Grants	In progress	-	-	-	-	Advisory
Discretionary Business Grants	In progress					Advisory
Free School Meals Direct Payments	Complete	N/a	-	-	-	Advisory
Social Care Workers Bonus Payments	Complete	N/a	-	-	-	Advisory
Transport complaint	Complete	N/a				Advisory
Rhuddlan Town Council	Complete	N/a				External fee earning work
National Fraud Initiative	Ongoing	N/a	N/a	N/a	N/a	Commencing 2020-21 exercise
Revenues & Benefits 2020/21	Fieldwork					Focus on Covid impact
Capital Management	Fieldwork					
Financial Services 2020/21	Fieldwork					
Community Living Schemes	Fieldwork					Nearing completion
Data Protection & Freedom of Information	Complete	Medium ●	0	0	3	
Denbighshire Leisure Limited	Scoping					Q4
ICT Capacity & Resilience	Scoping					Q4
Commercial Waste	On hold					On hold
Blue Badges	Not started					2021/22
Ethical Culture	Final	Medium ●	0	0	3	
Risk Management	Not started					Q4
Adoption Service	On hold					Wrexham CBC (lead authority) with audit review planned
Highways Maintenance	Not started					
Community Safety	Not started					

Internal Audit Update – January 2021

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Empty Homes	On Hold					
Housing Maintenance	Not started					
Equalities/ Wellbeing Impact Assessments	On Hold					New socio-economic duty
General Fraud Enquiries	Ongoing	N/a	N/a	N/a	N/a	
Follow up audits	Ongoing	N/a	N/a	N/a	N/a	
School fund audits	Ongoing	N/a	N/a	N/a	N/a	
Corporate Governance Framework	Ongoing	N/a	N/a	N/a	N/a	
Corporate Working Groups	Ongoing	N/a	N/a	N/a	N/a	
Consultancy & Corporate Areas	Ongoing	N/a	N/a	N/a	N/a	
Team Meetings /1:1s	Ongoing	N/a	N/a	N/a	N/a	
Management	Ongoing	N/a	N/a	N/a	N/a	
Training & Development	Ongoing	N/a	N/a	N/a	N/a	

As indicated previously, the following projects will no longer be completed in 2020/21.

These areas will continue to be assessed and high priority areas will be carried forward to the Audit Plan for 2021/22:

- Community Mental Health Team – on hold until 2021/22 by request of BCUHB
- Deprivation of Liberty Safeguards (DOLS) – on hold until WG guidance released
- Adoption Service – on hold. Wrexham CBC (host authority) also plan to audit
- Youth Service – on hold
- Works in Defaults – no longer a priority
- Workforce Development – carry forward to 2021/22
- School Audits – on hold, carry forward to 2021/22
- Heritage Services – no longer a priority
- Additional Learning Needs – carry forward to 2021/22
- Empty Homes – no longer a priority
- Commercial Waste – on hold
- Exceptions and Exemptions with CPRs – on hold
- Equalities / Wellbeing and Impact Assessments – on hold

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. This has included the emergency Covid-19 related grants for businesses.
2. National Fraud Initiative (NFI) update:
 - a. NFI exercise 2018-19 is complete and closing down any open cases. Monies identified as wrongfully paid are in the process of recovery.
 - b. Data uploads from various IT systems have been carried out as required for the NFI 2020-21 exercise. Privacy notices have been checked and required Privacy Declaration complete. Coordinating the upload of data for a new data match on Covid business rates grants.
3. Education Support continue to prompt schools to maintain up-to-date school fund certificates. School fund certificates from Blessed Edward Jones's school funds are still outstanding for 2018-19 and 2019-20 and we are informed that these are now with an external auditor appointed by the school.
4. The Strategy for the Prevention and Detection of Fraud, Corruption and Bribery has been drafted and the Fraud Response Plan which accompanies the strategy has also been updated. Consultation with relevant officers has commenced which will continue over the coming weeks prior to the necessary approval being sought.

Referrals 2020/21

Three allegations relating to potential fraud have been referred to Internal Audit, one has been referred to the police. Two have been concluded with no fraud proven and recommendations made to strengthen existing controls.

Whistleblowing concerns are reported separately to Committee as part of the Annual Whistleblowing Report (separate agenda item).

Internal Audit Performance Standards

The table below shows Internal Audit's performance to date for 2020/21.

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	7 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	8.5 days
Percentage of audit agreed actions that have been implemented by services	75%	61%

Performance relating to issuing the final report within an average of 5 days following agreement to the draft report has been adversely impacted by capacity shortage within the team. Performance has improved since our last report where final reports were issued an average of 11.5 days after agreeing the draft report.

The performance relating to the number of internal audit actions implemented was reported to committee in November 2020. The coronavirus pandemic has caused slippage with some actions. Internal Audit are currently prioritising the completing of assurance work and continue to follow up previous reviews awarded a low assurance to ensure that necessary improvements are being made.

CIPFA Practical Guidance for Audit Committees – Update

The Welsh Chief Auditors Group hosted an Audit Committee Chairs Network to provide briefing and development for the audit committee chairs of Welsh local authorities. The Chair and the Chief Internal Auditor attended the all-day remote meeting on 30 November 2020. Key matters covered during the session included: Audit Wales counter fraud work; Local Government and Elections (Wales) Bill and the implications for Governance & Audit Committees; and the Audit Committee's role in risk management, the Annual Governance Statement and Statement of Accounts.

The training arranged with CIPFA on "How to be a more effective audit committee" has been put on hold temporarily due to the coronavirus pandemic.

The Chief Internal Auditor proposes to coordinate another self-assessment against the CIPFA Practical Guidance for Audit Committees shortly.

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 of Accommodation Provision for the Homeless

Internal Audit engagements are conducted in conformance with the
Public Sector Internal Audit Standards

Contents

Contents	2
Purpose and Scope of Review	3
Audit Opinion	4
Action Plan.....	7
Issue 1 – Prolonged use of emergency and temporary accommodation	7
Issue 2 – Insufficient Monitoring.....	9
Issue 3 - Documented guidance for key processes	10
Issue 4 – Declaration of personal and business interests.....	11
Issue 5 – Key management information / audit trail.....	12
Issue 6 – Accommodation charges	13
Issue 7 – Management of occupation accounts	14
Appendix 1 - Assurance Ratings Definitions	15
Report Recipients	16
Internal Audit Team.....	16
Key Dates	16

Purpose and Scope of Review

We carried out a review of Homelessness between January – March 2020 as this area has not been reviewed for some time, and is a high profile area in terms of the significant financial pressures and reputational risk resulting from housing people in temporary and emergency accommodation for lengthy periods. The review was carried out prior to the Covid-19 lockdown that has greatly impacted the Community Support Services (CSS) and has substantially increased the demand for temporary and emergency accommodation.

When we carried out our review, homeless citizens should only have been provided accommodation where they had a priority need as detailed in the Housing (Wales) Act 2014 (see Appendix 3), but since the lockdown, Welsh Government (WG) issued guidance (Phase 1) that details that everyone presenting as homeless should be accommodated. Further guidance was published in June 2020 requiring all Welsh local authorities to publish a plan on the measures they plan to put in place to ensure long-term resettlement of citizens currently living in temporary and emergency accommodation, and how they plan to deal with future cases.

We had conversations with staff, in September 2018 and January 2019, and our initial feedback was passed to (CSS) as part of their internal review of the delivery model for homelessness so it can be managed corporately. It is not only CSS that has responsibility for homelessness, other services that have responsibilities that can assist with improvements in this area were involved in our review, for example: Community Housing (within the Communities and Customers Service); Strategic Planning & Housing and Housing Enforcement (Planning, Public Protection & Countryside Services); and Housing Development (Finance & Property Services).

This review focussed on the provision of emergency (bed & breakfasts, hotels, caravans, etc.) and temporary leased accommodation, and the long term solutions that will be put in place to minimise their use. Terminology differs within the accommodation process for homeless citizens in that properties are leased and not rented, the citizens are occupiers and not tenants as they do not have the same rights, and it is occupations rather than tenancies.

The council is taking a more strategic and corporate approach to homelessness to put in alternative longer term accommodation measures in place to reduce the reliance on bed and breakfasts and hotels, particularly through a cross-service management team led by the Corporate Director (Economic & Community Ambition). There is also the Strategic Housing and Homelessness Group (SHHG) that first met in July 2019 and meet bi-monthly, and members include the Corporate Director (Economic & Community Ambition), relevant heads of service and several Cabinet lead members.

The scope of our review covered:

1. Strategic & Governance Arrangements
2. Roles and Responsibilities
3. Supply, Quality and Allocation of Accommodation
4. Charging
5. Payments & Arrears
6. Securing Permanent Tenancies.

Audit Opinion

Strategically, there has previously been a lack of clear direction and a co-ordinated approach to address the prolonged use of temporary and emergency accommodation. Detailed actions are contained within the Housing Strategy 2016-2021 and the Homelessness Strategy 2017-2021; however, progress has been slow in creating more permanent solutions to minimise the use of this type of accommodation. The Strategic Housing & Homelessness Group (SHHG) and cross-service management team now provides a more cohesive steer, together with a corporate action plan, which has prompted better engagement across services to explore alternative solutions. Some of these, e.g. building / refurbishment of affordable homes, will take time to be delivered and to have an effect.

There are effective governance arrangements in place, including: terms of reference for the SHHG, and elected members are monitoring progress through the Partnership Scrutiny Committee meetings. SHHG will be subject to a review to ensure it continues to remain effective; suggested developments could include greater involvement with partners

such as charities and Registered Social Landlords (RSLs), setting up a task and finish group to deliver key projects, and developing a forward work programme.

Operationally, staffing issues within the Homeless Prevention team have clearly impacted on the workload, resulting in a higher caseload. Consequently, cases are not being reviewed frequently and citizens are staying in temporary and emergency accommodation for longer than necessary. While Housing Enforcement assist with checks at the start of an occupation, there has been a lack of regular checks by the Homeless Prevention team of the condition of the accommodation and the citizens that reside there.

Staff have some guidance to enable them to follow the homelessness legislation detailed in Part 2 of the Housing (Wales) Act 2014. However, there is generally a lack of documented procedures to cover key processes, particularly within the accommodation process, to ensure it is applied consistently and in line with legislation.

Quality assurance checks are important to ensure consistency and compliance with key legislation. While an external social housing consultant is used to review cases that have gone to appeal and highlight where improvements can be made, no other checks are carried out internally independent from the case officer. Similarly, a review of some recent initiatives employed to assist a citizen with securing a permanent tenancy has yet to take place.

From initial discussions, there has been a considerable improvement to reduce the amount of paper used by the team and ensure that key information is recorded. However, some key information is not being recorded effectively or efficiently. Staff need to review the content of network drive folders, and would benefit from further training on the Open Housing system.

Sample testing of the accommodation process was positive overall: documented agreements were in place with the landlord for leased accommodation; landlords were paid as agreed; and there was a signed agreement with the citizen when allocating emergency or temporary leased accommodation. There is also adequate separation of duties with setting up and amending properties and occupations on the Open Housing system.

A review of the accommodation charges applied is needed as, currently, the citizen is not expected to contribute towards the costs of emergency accommodation beyond their housing benefit entitlement (if applicable). Within leased accommodation, the shortfall between any benefit entitlement and occupation charge may not be affordable for the citizen. While discretion may be applied in particular circumstances, there is little evidence of actions taken to minimise the shortfall, and may inadvertently contribute to the difficulties/delays experienced in making the transition from emergency/temporary accommodation to permanent.

There is a lack of regular monitoring of payments and arrears, and the recovery process is applied inconsistently at the final recovery stage. The council is reluctant to evict citizens for non-payment (and during the Covid pandemic, landlords were not permitted to evict), but there needs to be sufficient action to minimise debts and so that citizens are able to manage and maintain a permanent tenancy once secured.

Overall, while considerable action has been undertaken recently to make improvements, because of the significance of the risks being raised, we provide a low assurance rating.

Low Assurance ●	Significant weaknesses in management of risks and/or control that put achievement of objectives at risk
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Action Plan

Issue 1 – Prolonged use of emergency and temporary accommodation

Citizens are staying in emergency and temporary accommodation for lengthy periods resulting in significant budgetary pressures, and providers becoming too reliant on the council for this service - Major Risk ●

While there has been some engagement by services previously to tackle the quality and prolonged use of temporary and emergency accommodation, there has been a lack of a clear direction and a co-ordinated approach. Underlying weaknesses as follows:

- The Housing Strategy 2016-21, Homelessness Strategy 2017-21 and regional homelessness prevention strategy for North Wales 2019-21 all detail actions to prevent the long term use of emergency and temporary accommodation. While it is difficult to ascertain progress with some of the actions, e.g. developing protocols with Citizen Advice Denbighshire (CAD), there has been a significant delay in implementing others, such as working with Housing and RSLs to identify move on options, sourcing more appropriate forms of accommodation (both in Year 1 of the Strategy). Although new actions to address these have been detailed in the corporate action plan;
- Homeless Prevention staff continue to work reactively rather than proactively to prevent homelessness. Recent staffing issues may have compounded this issue, but by the conclusion of our review, the team was fully resourced. Stronger direction is required to enable staff to work more proactively;
- There may be a disconnect between the strategic approach, and the work that is being carried out operationally. Tenancy sustainment responsibilities need to be embedded, so that staff are fully aware that this is still part of their role to ensure that appropriate measures to secure permanent tenancies are carried out.

The SHHG provides a corporate mechanism to make improvements in this area, but they will need assurance that key actions detailed in both the corporate and Welsh Government's action plans will be delivered within designated timescales.

Internal Audit of Accommodation Provision for the Homeless

Agreed action	Responsibility	Deadline
1.1 To implement the Welsh Government Phase 2 Plan, to embed a rapid rehousing model to reduce the reliance on the long term use of unsuitable emergency and temporary accommodation. This includes purchasing a property to provide emergency family accommodation and the purchasing of a property to provide permanent units of accommodation.	Corporate Director (Economic & Community Ambition)	31/03/2021
1.2 To carry on working with Community Housing and Registered Social Landlords (RSLs) whilst Single Access Route To Housing (SARTH) allocations are suspended, to permanently accommodate a number of homeless households from emergency accommodation.	Lead Officer Community Housing /Service Manager CSS	31/03/2021
1.3 To convert existing leased properties from community housing to permanent tenancies for 11 households, thus ending homelessness duty.	Team Manager (Homeless Prevention)/ Lead Officer Community Housing	31/12/2020
1.4 To implement the Welsh Government Private Rented Sector (PRS) Leasing Scheme and secure 33 properties to permanently accommodate homeless households.	Service Manager CSS	31/03/2021 and ongoing for 5 years
1.5 To complete a needs assessment for every homeless household in emergency accommodation to determine the level of support required and agree their individual housing plan, as required by WG.	Service Manager CSS	31/03/2021 and ongoing for any new household presenting as homeless
1.6 To continue to improve prevention services to those households at risk of homelessness through close working with Civica/DWP partnership, CAD and Working Denbighshire, procuring a range of early intervention and prevention services, and building on best practice and learning from existing partnerships.	Service Manager CSS/ Procurement Business Partner	30/06/2021
1.7 To amalgamate the Strategic Homelessness Plan and WG action plan into one document to be monitored by the Strategic Homelessness and Housing Group.	Principal Manager CSS	30/11/2020

Issue 2 – Insufficient Monitoring

There is a risk that accommodation used is no longer suitable, is either not being used or used inappropriately, and the welfare of the citizen is not adequately monitored. A lack of monitoring could result in staff not complying with the Housing Act (Wales) 2014, or there is insufficient evidence why support is being provided to the citizen - Major Risk ●

Underlying weaknesses as follows:

- Despite staff sending reminders, not all landlords of leased accommodation are submitting up-to-date gas and electrical certificates, and other key information. There needs to be a robust mechanism for recording this information and a process put in place if landlords continue not to submit this information;
- There needs to be a robust mechanism put in place for ensuring the council complies with the Minimum Energy Efficiency Standards;
- Some landlords for leased accommodation are not registered on Rent Smart Wales, and there needs to be a process for dealing with any known issues with other accommodation providers; and
- There is no quality assurance checking within the homelessness process.

Agreed action	Responsibility	Deadline
2.1 To contract out the management of all private rented sector leased properties to ensure effective property management including all certification and compliance with the Minimum Energy Efficiency Standards and Rent Smart Wales.	Service Manager CSS / Procurement Business Partner	30/06/2021
2.2 To continue with 6 weekly caseload reviews that the Team Leaders / Manager carry out with the Homeless Prevention Officers and a weekly quality monitoring check has been put in place to monitor the activity to permanently accommodate those in emergency accommodation	Service Manager CSS	Ongoing
2.3 To develop and embed performance and quality monitoring for all initiatives to secure accommodation for homeless households, e.g. PRS Leasing Scheme and DCC Landlord Offer.	Service Manager CSS	30/09/2021

Issue 3 - Documented guidance for key processes

Without written procedures or guidance, staff may not be clear of their duties and carry out processes inconsistently, which could lead to non-compliance with legislation - Medium Risk ●

The Homeless Prevention team does not have documented procedures for key processes carried out, e.g. assessment process, allocation of temporary and emergency accommodation, charging, and payments and arrears. Some staff during our review were not entirely clear of their roles and responsibilities, particularly around tenancy sustainment, and therefore having documented procedures and reviewing job descriptions will ensure responsibilities are clarified.

Agreed action	Responsibility	Deadline
3.1 To develop written procedures and guidance based on the new Rapid Rehousing Model, Welsh Government is wanting every Local Authority to implement by March 2022. As new practice is embedded guidance and processes will be developed to support the implementation.	Service Manager CSS	31/03/2022
3.2 To conduct a full review of every role within the Homelessness Prevention Team in line with the new delivery model.	Service Manager CSS	31/03/2021

Issue 4 – Declaration of personal and business interests

There is a risk that conflicts of interest are not being managed as not all staff are declaring a personal or business interests - Medium Risk ●

While staff have discussed with their supervisors where there is a personal interest, there is still a reliance on staff coming forward to declare an interest if citizens are close family members or a landlord of a property, or to disclose where ex-staff members are landlords or owners of property. Homeless Prevention staff are not required to complete a declaration of interest form. No action is taken to apply a system control to ensure that the employee cannot view that person's information.

This issue is not unique to the Homelessness team and it has been picked up during other recent reviews and has been raised corporately as part of the Ethical Culture review. As there is a potential risk specific to this team, we raise it here to ensure it is addressed.

Agreed action	Responsibility	Deadline
4.1 To implement a procedure whereby any personal interest or potential conflict of interest is declared by all staff working in the homelessness service, including working with or having access to a close family member or ex-member of staff's personal information, in-line with Corporate Policies and Procedures	Service Manager CSS	30/11/2020

Issue 5 – Key management information / audit trail

Without recording key information, there is a lack of evidence to demonstrate that adequate action is being taken to secure alternative accommodation, sufficient checks are being carried out on the citizens, or that the person has a genuine homeless need - Moderate Risk ●

Underlying weaknesses as follows:

- Key information is not easy to find on the network drive and may be duplicated. Some paper documentation is still used that is not accessible to other staff;
- No robust mechanism for recording elements of the process, e.g. checks of accommodation and citizens;
- Key information not recorded in relation to the assessment process and allocation of accommodation; and
- Lack of evidence of review of cases, particularly actions taken to find alternative accommodation.

Agreed action	Responsibility	Deadline
5.1 To engage with the ICT Business Partner to review which system would work best for homelessness record keeping i.e. Open Housing, Paris (or its successor) and update systems accordingly to stop duplication, and ensure a more robust record keeping process.	Service Manager CSS	31/07/2021
5.2 To develop processes and guidance around robust record keeping and management information mechanisms once ICT systems have been agreed.	Service Manager CSS	31/03/2022
5.3 To continue with ongoing 6 weekly caseload reviews for each Homelessness Prevention Officer, by the management team. New processes for review will be introduced as the Rapid Rehousing Model is implemented and KPIs developed.	Service Manager CSS	31/03/2021 and ongoing

Issue 6 – Accommodation charges

Where there is a shortfall between the occupation charge and benefits available, the council usually covers the difference. While discretion can be applied based on individual circumstances, there is little evidence of efforts taken to minimise the shortfall and lessen the financial impact on the council. Also, citizens may be reluctant to secure permanent tenancies as the rent will be unaffordable in comparison - Medium Risk ●

If citizens are entitled to benefits, this is the only contribution that is made towards their emergency accommodation. For 2019/2020, 20.6% of the cost of emergency accommodation was recovered through housing benefit contributions. Where citizens are not eligible or choose not to claim benefits, no supporting documentation is obtained to determine if or how much they can pay towards their accommodation costs. This lack of charging results in significant budgetary pressures for the council, but could also make citizens reluctant to secure permanent tenancies as they would then need to cover the shortfall themselves. A charging policy has been explored previously by CSS but was not pursued further due to the costs of implementing and managing the system. Now a more corporate approach is being taken, this should be reviewed, but if appropriate, there needs to be a robust system for managing the payments and chasing arrears for emergency accommodation. Currently, emergency accommodation is recorded on a spreadsheet rather than the Open Housing system.

There also needs to be a review of the charging policy for leased properties to ensure that the council is not subsidising too much by charging occupiers weekly as landlords charge the council monthly; not consistently applying recharges for damages to property; ensuring that contributions above benefit entitlements are affordable to secure a permanent tenancy; and accurately charging (during our review, staff identified some inaccuracies in the costs charged for the landlord offer).

Agreed action	Responsibility	Deadline
6.1 To undertake a strategic review of charging within emergency and temporary accommodation leading to the development of a Homelessness Charging Policy, if appropriate	Principal Manager (CSS, Support Services)	30/06/2021

Issue 7 – Management of occupation accounts

A lack of regular monitoring will result in outstanding debts not being recovered promptly, and could result in the system being exploited - Medium Risk ●

Underlying weaknesses as follows:

- Arrears are not monitored regularly by the Homeless Prevention team so that prompt action can be taken if the occupier is in debt. During our review, the arrears level for current tenants was approximately £15,000 and £27,000 for former tenants. Community Housing are currently reviewing cases due to staffing issues within the team. There needs to be a clearer understanding why some accounts are in arrears if benefits claimed should be covering the occupation charge;
- There was a number of cases where the recovery process has progressed to 'no change – management decision'. No evidence was provided to understand what measures were being taken to assist the occupier in reducing their arrears and sustaining their occupation. There is a risk that they will never be able to manage a permanent tenancy if insufficient assistance is provided;
- Credits on occupation accounts are not reviewed regularly due to staffing pressures. At the time of our review, there were 56 credits that totalled £8,035. We were unable to obtain a report that detailed how far these credits date back to, or what they related to;
- Due to staffing issues, write offs of bad debts have not been carried out since the end of financial year 2017/18. The bad debt provision was reduced as discretionary housing payments were used to reduce some of the debts. However, as no write offs were done for 2018/19, the bad debt provision was increased by £15,000. If no write offs are done for 2019/20, the bad debt provision will have to be increased further.

Agreed action	Responsibility	Deadline
7.1 To agree a policy and procedures around managing arrears of rent from those households in temporary accommodation including management sign off for writing off bad debts and credits on tenancy accounts.	Service Manager CSS / Finance Business Partner	30/06/2021

Appendix 1 - Assurance Ratings Definitions

High Assurance ●	Risk and controls well managed and objectives are being achieved
Medium Assurance ●	Minor weaknesses in management of risks and/or objectives but no risk to achievement of objectives
Low Assurance ●	Significant weaknesses in management of risks and/or control that put achievement of objectives at risk
No Assurance ●	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

Report Recipients

- Team Manager (Homeless Prevention Team)
- Service Manager (Business Support & Communities)
- Principal Manager (Support Services)
- Head of Community Support Services
- Corporate Director (Communities)
- Corporate Director (Economic & Community Ambition)
- Head of Communities and Customers
- Head of Planning, Public Protection & Countryside Services
- Senior Finance & Assurance Officer
- Senior Business Systems Officer
- Chief Executive
- S151 Officer
- Lead Officer (Destination, Marketing & Communication)
- Strategic Housing & Homelessness Group
- Strategic Planning & Performance Officer
- Scrutiny Co-ordinator
- Chair-Performance Scrutiny Committee
- Lead Member for Wellbeing & Independence
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance & Audit Committee

Internal Audit Team

Lisa Harte, Senior Auditor 01824 708084 lisa.harte@denbighshire.gov.uk

Key Dates

Review commenced	January 2020
Review completed	March 2020
Reported to Corporate Governance & Audit Committee	27 January 2021
Proposed date for first follow up review	July 2021

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