

To: Members of the Corporate
Governance and Audit Committee

Date: 10 March 2021

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Dear Councillor

You are invited to attend a meeting of the **CORPORATE GOVERNANCE AND AUDIT COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 17 MARCH 2021** in **VIA VIDEO CONFERENCE**.

Yours sincerely

G. Williams
Head of Legal, HR and Democratic Services

AGENDA

PART 1 - THE PRESS AND PUBLIC ARE INVITED TO ATTEND THIS PART OF THE MEETING

1 APOLOGIES

2 DECLARATION OF INTERESTS (Pages 5 - 6)

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

3 URGENT MATTERS

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

4 MINUTES (Pages 7 - 18)

To receive the minutes of the Corporate Governance Committee meeting held on 27 January 2021 (copy enclosed).

5 THE SOCIO-ECONOMIC DUTY FOR WALES (Pages 19 - 54)

To consider a report by the Strategic Planning Team Manager (Copy enclosed) informing members about the definition of the socio-economic Duty, how key functions in the Council will adapt to provide consideration for the Duty, and the measures being put in place to respond to the requirements.

6 ALTERNATIVE SERVICE DELIVERY MODEL (ASDM) TOOLKIT (Pages 55 - 94)

To consider a report by the Strategic Planning Team Manager (Copy enclosed) on the Alternative Service Delivery Model (ASDM) Toolkit for the Council.

7 AUDIT WALES' AUDIT PLAN 2021- 22 (Pages 95 - 116)

To consider a report by the Head of Finance and Assets (copy enclosed) on the Audit Wales's Audit plan for 2021 - 22.

8 CERTIFICATION OF GRANTS AND RETURNS 2019-20 (Pages 117 - 132)

To consider a report by the Head of Finance and Assets (copy enclosed) which sets out a summary of the key outcomes from WAO's certification work on the Council's 2019/20 grants and returns.

9 ANNUAL AUDIT SUMMARY (Pages 133 - 144)

To receive information from Audit Wales on the Annual Audit summary for Denbighshire County Council (copy enclosed).

10 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 145 - 148)

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

PART 2 - CONFIDENTIAL ITEMS

It is recommended in accordance with Section 100A(4) of the Local Government Act 1972, that the Press and Public be excluded from the meeting during consideration of the following item(s) of business because it is likely that exempt information (as defined in paragraph 18 of Part 4 of Schedule 12A of the Act) would be disclosed.

11 CYBER RESILIENCE IN THE PUBLIC SECTOR (Pages 149 - 186)

To consider a confidential report on cyber resilience in the public sector (copy enclosed).

MEMBERSHIP

Councillors

Mabon ap Gwynfor
Tony Flynn
Martyn Holland

Alan James
Barry Mellor
Joe Welch

Lay Member

Paul Whitham

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All Councillors for information
Press and Libraries
Town and Community Councils

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LOCAL GOVERNMENT ACT 2000

Code of Conduct for Members

DISCLOSURE AND REGISTRATION OF INTERESTS

| | |
|--|------------------------------------|
| I, (<i>name</i>) | <input type="text"/> |
| a *member/co-opted member of <i>(*please delete as appropriate)</i> | Denbighshire County Council |
| CONFIRM that I have declared a *personal / personal and prejudicial interest not previously declared in accordance with the provisions of Part III of the Council's Code of Conduct for Members, in respect of the following:- <i>(*please delete as appropriate)</i> | |
| Date of Disclosure: | <input type="text"/> |
| Committee (<i>please specify</i>): | <input type="text"/> |
| Agenda Item No. | <input type="text"/> |
| Subject Matter: | <input type="text"/> |
| Nature of Interest: <i>(See the note below)*</i> | <input type="text"/> |
| Signed | <input type="text"/> |
| Date | <input type="text"/> |

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

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Public Document Pack Agenda Item 4

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Minutes of a meeting of the Corporate Governance and Audit Committee held via Zoom on Wednesday, 27 January 2021 at 9.30 am.

PRESENT

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

Lay Member - Paul Whitham

Cabinet Members – Councillor Hugh Evans – Leader of the Council and Lead Member for the Economy and Corporate Governance, Councillor Julian Thompson-Hill Lead Member for Finance and Efficiency and Councillor Bobby Feeley Lead member for well-being and independence.

Observers- Councillors Jeanette Chamberlain-Jones, Ellie Chard and Meirick Lloyd Davies.

ALSO PRESENT

Corporate Director: Economy and Public Realm (GB), Head of Legal, HR and Democratic Services - Monitoring Officer (GW), Head of Finance and Property Services (Section 151 Officer) (SG), Chief Internal Auditor (LL), School Funding Manager (CJ), Senior Auditor (LH), Senior Auditor (MPJ), Business Support Manager (PB), Legal Services Manager (LJ), Lead Officer – Strategic Asset Management (TB), Head of Community Support Services (PG), Principal Manager - Support Services (AL), Strategic Planning & Performance Team Leader (IMG), Democratic Services Manager (SP), Scrutiny Coordinator (RE), Committee administrators (SJ and RTJ).

Wales Audit Office Representatives David Wilson and David Williams had also been in attendance.

1 APOLOGIES

None.

2 DECLARATION OF INTERESTS

Councillors Tony Flynn Ellie Chard and Meirick LLOYD Davies declared a personal interest in agenda item 7 - Challenge & intervention framework for schools in financial difficulty – as they were School Governors.

Councillor Barry Mellor declared a personal interest in agenda item 7 - Challenge & intervention framework for schools in financial difficulty – as he was Chair of Governors of a Denbighshire school.

Lay Member Paul Whitham declared a personal interest in agenda item 7 - Challenge & intervention framework for schools in financial difficulty – as he had a grandchild at a Denbighshire High School.

3 URGENT MATTERS

None.

4 MINUTES

The minutes of the Corporate Governance Committee held on the 18 November 2020 were submitted.

Matters arising –

- Page 8 – Internal Audit Update – It was confirmed the Senior Auditor post had been filled.
- Page 9 – Internal Audit Update – Confirmation that the proposed audit planned were still on hold.
- Page 10 - Care Inspectorate Wales (CIW) Local authority performance review April 2019 - March 2020 – The Chief Internal Auditor confirmed she would enquire if any CIW reviews had taken place and report back to the committee.
- Page 14 – Annual Report of Corporate Governance Committee – The Monitoring Officer confirmed the report had been presented at County Council.

RESOLVED that subject to the above, the minutes of the Corporate Governance Committee be received and approved as a correct record.

5 LOCAL GOVERNMENT AND ELECTIONS (WALES) BILL - PERFORMANCE AND GOVERNANCE

The Strategic Planning & Performance Team Leader (SPPTL) presented the report (previously circulated) to members on the performance and governance aspects of the Local Government and Elections Wales Bill. It was stressed the importance that the Corporate Governance and Audit Committee consider the paper.

The SPPTL explained the three key implications of the Draft strategy guidance that justified discussion to be -

- Self-assessment
- Annual stakeholder survey
- Panel performance assessment

The SPPTL made reference to the detailed description of each within section 4 of the cover report.

Particular reference was made to the new power the Auditor General for Wales would have to initiate a special inspection of principal councils that may not be meeting their performance requirements, thus providing Welsh Ministers the power to reconstruct, deconstruct or merge councils. Within the Bill a requirement had been included that stated the Corporate Governance and Audit Committee would be required to annually review the self-assessment document and could make recommendations for changes

Members thanked the officer for the detailed report and transparent introduction. The SPPTL provided further information to members' questions and concerns on the following –

- The annual fieldwork of the Wales Audit Office (WAO) would continue . It was stipulated they would have less of a role in overall Council performance. Monthly meetings and communication with WAO would continue to ensure performance obligations are met.
- Work had begun to assess the cost of the processes. A report would be presented to SLT to begin the process and establish how to progress with the Annual Stakeholders Survey.
- The SPPTL was confident that the Council had adopted a transparent reporting process throughout the core functions. Officers would be able to use determined conclusions from reports to input into a self-assessment report.
- It was confirmed by the WAO representative that WAO have not completed Corporate assessments for a number of years.

The Chair thanked the SPPTL for the comprehensive guide through the report and highlighted the large amount of work that would be required to be completed by officers.

Following the discussions, it was

RESOLVED that, members had read and understood the implications of the draft statutory guidance prepared by Welsh Government.

6 LOCAL GOVERNMENT AND ELECTIONS (WALES) BILL 2021

The Monitoring Officer (MO) introduced the report (previously circulated) to members. The MO shared a presentation. Members were informed that the Bill had been awarded Royal Assent the week before and was now an Act. It had been agreed and passed by the Senedd in November 2020. It was confirmed that the provisions set out in the Act would be introduced on a staggered approach. A number of reports would be presented to members when required.

The MO provided members with further information on the following sections-

Electoral arrangements - Confirmation that the Act extended the voting franchise in local elections to 16 and 17 year olds and foreign citizens legally resident in Wales. The Act enabled councils to choose between the 'first past the post' voting system or the 'single transferable vote system' system. A change to the current system would require a full County Council decision. The electoral cycle would formally become a five-year cycle. The removal of Returning Officer fees was included.

General power of competence – Local Authorities are currently only able to act in circumstances where they are expressly permitted to so by legislation. The general power is intended to allow them to act unless specifically prohibited from doing so by legislation.

Public participation in local government – It was stressed that DCC would have a duty to engage and encourage local residents to participate in local government. The final version of the Act included a requirement to broadcast certain meetings. It was confirmed that the flexibility of remote meetings would continue.

Democratic governance and leadership – The Act stated that each Local Authority must appoint a Chief Executive. A number of duties and requirements would be included with the role relating to financial arrangements, risk management arrangements, resources and staffing.

A requirement to include arrangements within the constitution to allow Council to elect more than one person as a joint Leader and job shares in Cabinet. The introduction of appointed assistants to Cabinet had also been included, further guidance was expected.

Collaborative Working – The Council will have to have regard to Welsh Government guidance.. It was confirmed that Welsh Ministers would have the power to establish Corporate Joint Committees to cover economic wellbeing, transport, strategic planning and school improvement, although the current proposals did not include school improvement

Performance and governance – The Act states the committee should be named the 'Governance and Audit Committee'. Confirmation that there would be a change to the prescribed membership and Chairing of the committee. The change would include one third of the committee to be represented by independent lay members and the Chair would have to be an independent lay member. The date of the change to membership had not been confirmed.

Mergers and restructuring – Confirmation that voluntary merges would still exist. Within the Act Welsh Ministers could make 'restructuring regulations'. Those powers would only be exercised following a special inspection report from the Auditor General Wales or an abolition request from a council.

The MO stated a lot of information was awaited and would flow in the coming months and updates to the committee would take place as the information became available. The MO asked for members' opinions on the creation of a working group to review the implementation of the Act and the changes that would be required. Confirmation that information and updates would be relayed to members when made available.

During the ensuing presentation members took the opportunity to raise questions and discussed various aspects of the report. The main discussion points focused on the following –

- Members agreed it would be beneficial to have an officer/ member working group to look at the development of the Act. Lay Member Paul Witham stated he would be happy to assist officers with the process.
- The duty that would be placed upon the local authority to arrange the panel assessment. Guidance on the process on how to perform the assessment was likely to be made available in time..

- The statutory duty for group leaders to promote and maintain high standards of conduct with the group. No mention of sanctions had yet been made. It was hoped further guidance would be provided.
- Confirmation that a timetable of aspects of the Act becoming law would be completed and circulated to members. It was confirmed that certain aspects of the Act would have to be presented to this committee and full Council.
- The MO confirmed he would enquire if the reduced voting age for individuals enabled them to stand for election and report back to members.
- The duty to encourage public participation included encouraging the public to get involved in the decision making process and elections.
- The Act did not change the current procedures for co-opting on Town, City and Community Councils. The general power of competence would be available to eligible community councils provided they qualified.

The Chair thanked the Monitoring Officer for his detailed presentation and clear responses to members' questions and concerns.

It was therefore,

REOLVED that members considered the contents of the report and support the proposal of an officer/ member working group to keep an oversight of the implementation of the Act.

7 CHALLENGE & INTERVENTION FRAMEWORK FOR SCHOOLS IN FINANCIAL DIFFICULTY (SIFD)

The Lead Member for Finance and Efficiency guided members through the update report (previously circulated). It was confirmed that at present DCC delegated 85% of school's budget directly to schools. It was the duty of each school to provide DCC with a three-year budget plan annually. It was explained schools at times may experience financial issues, DCC had the provision to licence a deficit to support schools to return to a surplus budget. Close working with all schools within DCC had continued.

Within the report as Appendix 1, was the challenge and intervention framework. The Lead member reminded members it had been brought to committee in November 2017. The report today had been presented to members to demonstrate how the process had worked.

The Head of Finance and Property Services (HFPS) provided information of the role of DCC and school governing bodies. It was the responsibility of the school governing bodies to budget the school annual budget. The HFPS confirmed he was pleased with the process and work that had occurred with schools in financial difficulty. The Schools Funding Manager confirmed visits to school three times a year had continued to obtain information and to support schools. The implementation on the framework had been received positively and was working well.

During discussion the following matters were raised –

- The definition of a 'small school' was very difficult. Denbighshire County Council's definition would be a school with 50 pupils or less.
- The demography adjustment was calculated in September using the PLASC data provided by schools. It is a detailed calculation completed every year.

- Confirmation that DCC had no intention to close smaller schools. If Welsh Government directed to do so communication would take place.
- DCC still received numerous grants for school and education. It was confirmed that the two main grants received were for PDG (free school meals) and sixth form grant.
- The School Funding Manager was not aware of any available lotto funding. He would enquire any further information and report back to members.
- A number of factors had contributed to the reduction in Prestatyn High School, confirmation that the number of students attending the school had improved.
- It was stressed with close working with officers and action plans in place, schools can still be in control of individual budgets whilst being in deficit.
- It was confirmed if officers had concerns that schools had not listened to finance officers or implemented the plan, it would be brought to committee to address. If officers felt improvement and the plan would support the school into surplus, officers would monitor.
- The new Chris the Word School pupil numbers had been low for the size of the school. The number of pupils going to the school was rapidly increasing. The school funding manager was confident that with the increase in school pupils the school would move out of a deficit.

Following the discussion, it was
RESOLVED that members note the contents of the report.

At this junction (11:50 a.m.) there was a 10 minute break.

Meeting reconvened at 12.00 noon.

8 TREASURY MANAGEMENT (TM)

The Lead Member for Finance and Efficiency introduced the Annual Treasury Management Strategy Statement (TMSS) 2021/22 Report (Appendix 1 - previously circulated) which showed how the Council would manage its investments and its borrowing for the coming year and sets out the Policies within which the Treasury Management function operate.

The Treasury Management Update Report (appendix 2) provided details of the Council's Treasury Management activities during 2020/21.

The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") requires the Council to approve the TMSS and Prudential Indicators annually. The Corporate Governance Committee is required to review this report before it is approved by Council on 23 February 2021.

The Head of Finance and Property Services (HFPS) highlighted a number of significant points to the report. These included reference to the investment and borrowing graphs included in appendix 1 of the papers. A slight peak had been observed at the start of the year on the investment graph and had been due to the resolution of business grants payments and rate relief. Communication with the

Welsh Government and Welsh Local Government Association to devise a package that allowed Denbighshire Finance department to plan the treasury management cash flow in the best way.

It was stressed to members the responsibilities of treasury management had been, ensuring security of the resources, liquidity and yield from investment. It was confirmed that at present the focus had been on the security of the investments.

Members were guided to section 4 of appendix 2 regarding a change to the regulations to PWLB and borrowing rates. Confirmation that no activity of this nature had taken place.

During discussion the following points were raised –

- Officers confirmed that the level of borrowing was acceptable at present. Members heard a level of borrowing was set annually. Parameters were set to officers to professionally manage a set amount of borrowing.
- Welsh Government paid a number of schemes up front with follow up payments later. The revenue support grant had been partially paid up front aiding the cash flow within the Council. Confirmation that funding had been reimbursed through the quarterly loss of income claim by Welsh Government. It was stressed that the scheme by Welsh Government had been vital over the previous months.
- The HFPS confirmed that penalty clauses for paying off existing borrowing usually outweighed any benefit in interest rates.

RESOLVED, that the Committee note the Treasury Management Strategy Statement for 2021/22, the Prudential Indicators 2021/22 to 2022/23. The Committee note the Treasury Management Update Report and confirm it has read, understood and taken account of the Well-being Impact Assessment as part of its consideration.

9 ANNUAL GOVERNANCE STATEMENT - IMPROVEMENT UPDATE

The Chief Internal Auditor introduced the report (previously circulated). The report provided members with an update to the improvement actions that had been included in the Annual Governance Statement agreed by the Committee in July 2020 and was included as part of the Statement of Accounts present to members in September 2020.

An update to the progress of the actions had been included as appendix 1 to the report (previously circulated). It was confirmed that all actions had made progress. Some of the completion dates had been reviewed. Further updates would be included in the Annual Governance Statement 2020/21 report due to be presented to the committee in April 2021.

Members were pleased to receive the update from the Chief Internal Auditor and thanked her for the report.

It was therefore,

RESOLVED that members note the update report.

10 CONTRACT MANAGEMENT AUDIT - REVISED ACTION PLAN

Members were guided through the report (previously circulated) by the Chief Internal Auditor. It was explained to the committee, that a low assurance report had been presented to the committee in July 2020 a number of the actions had been allocated to the Corporate Support Service Review to implement. Due to Covid-19 the work stream had been put on hold. It was agreed to examine the action plan to ensure it was realistic, the action plan was attached as appendix 1 (previously circulated). The report provided named officers to implement the actions, with a deadline reflective to the action. The dates had been revised to allow for a realistic timeframe for implementation.

The Monitoring Officer offered his thanks to the Audit team and Chief Financial officer for the work that had been made to the action plan. Members were informed of the detailed work that had been undertaken.

Lay member Paul Whitham stressed the importance of strong contract management. A request to incorporate all contracts, construction and non-construction are included in the training schedule. To ensure all contracts are treated equally. The Monitoring Officer confirmed that the intention was for all contracts to be treated equally and for best practices to be shared. It had been impressed upon contractual manager to upload contracts onto the Proactis model. An issue had been noted on the availability to upload historic contracts, members were informed this was being investigated.

RESOLVED that members note the contents of the report and an update report be included on the forward work programme.

11 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

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

It was agreed to include the following reports on the committee's FWP:

17 March 2021 –

- Follow up report on the Housing Tenancy following a low assurance report previously reported.
- Follow up report on Payment Card Industry (PCI DSS) following a low assurance report previously reported.

28 April 2021 –

- Draft Annual Governance Statement

9 June 2021 –

- Internal Audit Annual report
- Contract Management update

28 July –

- Treasury Management

- Anti-fraud and corruption policy
- Homelessness Internal Audit Update

Members agreed to include The Local Government Act update to be included under future items, to be included on the agenda when required.

RESOLVED that Corporate Governance and Audit Committee's forward work programme be noted.

12 INTERNAL AUDIT UPDATE

The Chief Internal Auditor (CIA) introduced the report (previously circulated) updating members on the Internal Audit Team's progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement. It had also included an update on progress with the CIPFA Good Practice for Audit Committees.

The internal audit team had continued to provide advice and support in relation to changes to control arrangements that the Council had to implement in response to the pandemic. Confirmation that the planned audits had been prioritised 2020/21 as reported to the committee in November 2020 and, while engagement from services was generally good, Covid-19 continued to impact on the pace and progression of some of our audits.

It was highlighted to members the Audit Plan remained under regular review, as well as the progress in delivering assurance work, to gauge if the Chief Internal Auditor can form an Annual Opinion on governance, risk management and internal control arrangements without any scope limitations. CIPFA had recently released guidance for providing an Annual Opinion with Scope Limitations which will be used should it be required.

The report provided information on work carried out by Internal Audit since the last committee meeting. It allowed the committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports. Confirmation was provided to members that the appointment of a new Senior Auditor had been successful. Confirmation was also received that resource available to the Chief Internal Auditor will not be reduced, therefore the recruitment process to fill the vacant Auditor post will be initiated shortly.

Confirmation that 6 Audits had been completed since the last committee meeting. Members were reminded details of each of the audits had been included as appendix 1 to the report. A brief background of each audit was presented to the committee -

Provision of Homeless Accommodation
 Recruitment & Retention
 Ysgol Pendref
 Ethical Culture
 Queen's Buildings
 Data Protection & Freedom of Information.

The CIA confirmed that three audits had not yet started but had been prioritised to commence in the coming months. These key audits aided in the progress of delivering internal audit assurance. These were

- Denbighshire Leisure Limited
- ICT Capacity and Resilience
- Risk Management – corporate risks not covered by other audits.

The training arranged with CIPFA on “How to be a more effective audit committee” had been put on hold temporarily due to the coronavirus pandemic. The CIA confirmed communication would continue to enquire if any remote training would be possible.

General discussion –

- Members requested the self-assessment against the CIPFA Practical Guidance for Audit Committees be issued as soon as possible.
- Confirmation that the homelessness audit had been completed prior to the pandemic. Members did not agree with the use of hotels and bed and breakfast for the homelessness. Work was on going into options of offering accommodation to residents and families. It was confirmed a number of reports had been presented to Scrutiny to debate the homelessness provision in Denbighshire. The Monitoring Officer confirmed a report had been agreed by Chairs and Vice-Chairs to be presented to the Partnerships Scrutiny in the Autumn term. Members could request a specific detail to be considered by Chairs and Vice-Chairs by completing the appropriate form. The Monitoring Officer agreed to communicate with the Scrutiny co-ordinator to include the audit report as part of the homelessness report presented to scrutiny.
- Members heard, that due to certain circumstances such as special environmental needs, domestic violence or other factors a number of residents from other county’s residing in Denbighshire and vice versa. It was also noted that Denbighshire and other local authorities had a duty of care to provide suitable accommodation for individuals.

EXCLUSION OF PRESS AND PUBLIC

In order to address the concerns raised under the Appendix 3 of the Internal Audit-Queens Building it was –

RESOLVED that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that it would involve the disclosure of exempt information as defined in Paragraph 16 of Part 4 of Schedule 12A of the Act.

A confidential appendix was presented by the Chief Internal Auditor. The appendix had been presented to members for debate as it had received a low assurance audit report. The scope for the review covered the following areas: roles and responsibilities and governance arrangements; finance and grant funding; and project delivery and risk management. The project had been an element of the Rhyl

Regeneration Programme Board as part of a wider remit to regenerate the town centre.

Members debated the results of the audit report of the project management of Queens building including the action plan. Members raised concerns on the audit report and the findings. Members requested that an update report be brought back to committee to assure members the action plan is being completed.

RESOLVED – that

- *The committee note the Internal Audit's progress and performance and,*
- *An update report on the Queen's Building be presented back to the committee*

13 ANNUAL REPORT - WHISTLEBLOWING POLICY

EXCLUSION OF PRESS AND PUBLIC

In order to address the concerns raised under the Whistle Blowing policy and discuss of the confidential appendix it was –

RESOLVED that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that it would involve the disclosure of exempt information as defined in Paragraph 13 of Part 4 of Schedule 12A of the Act.

A confidential report by the Monitoring Officer (MO), which provided information relating to the operation of the Council's Whistleblowing policy.

The report had been submitted in accordance with the Council's Whistleblowing Policy (WP), which contained a requirement that the MO bring a report to the Corporate Governance Committee at least once a year on the operation of the Policy and any changes in practice introduced as a result of concerns raised under the Policy.

The report had been originally scheduled to come to Committee in March 2020, however it was delayed by the pandemic and the decision was made to bring a report covering two years, the period 1st November 2018 to 31st December 2020. During this period there have been six new concerns raised under the Policy.

The MO provided members with a brief background to the six concerns that had been raised. It was pleasing to note people had reported any concerns as it had demonstrated an understanding of the Whistleblowing policy.

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

The meeting concluded at 15.00 p.m.

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| Report to | Corporate Governance and Audit Committee |
| Date of meeting | 17 March 2021 |
| Lead Member / Officer | Cllr Richard Mainon / Nicola Kneale, Strategic Planning Team Manager |
| Report author | Carol Evans, Strategic Planning and Performance Officer |
| Title | The Socio-economic Duty for Wales |

1. What is the report about?

1.1 The Socio-economic Duty for Wales, which comes into force on 31 March 2021.

2. What is the reason for making this report?

2.1 To inform the Corporate Governance and Audit Committee (henceforth Committee) about the definition of the socio-economic Duty, how key functions in the Council will adapt to provide consideration for the Duty, and the measures being put in place to respond to the requirements.

3. What are the Recommendations?

3.1. Committee members note the reasons behind the Duty, its definitions, commits to giving due regard to the Duty, and asks all Members at committees, and officers attending those committees to do so.

3.2. Committee members note the core functions that are adapting to the Duty and ensures the adaptations are made (see 4.3 below for list of core functions).

3.3. Committee members:

- Inspect Well-being Impact Assessments with respect to inequality of outcome that results from socio-economic disadvantage / poverty.

- Ensure they take ownership for Well-being Impact Assessments for which they are responsible.
- Challenge officers to provide evidence or take steps to fill in knowledge gaps in Well-being Impact Assessments and challenge the conclusions of the Assessments, asking Officers whether their conclusions are accurate / are likely to be accurate.
- Avoid and challenge optimism bias.

4. Report details

4.1. Under the Equality Act 2010, Welsh Ministers intend to commence Sections 1 to 3 of the 2010 Act in Wales – the Socio-economic Duty.

4.2. As a local Authority the duty requires us, when making strategic decisions such as deciding priorities and setting objectives, to consider how our decisions might help reduce the inequalities associated with socio-economic disadvantage.

4.3. General training will be offered to all Members and officers, as per the details in 4.4 below. Please see the presentation attached at Appendix A that is being used in training. In addition, briefings have been held with officers who lead on specific decision-making frameworks in order to ensure these frameworks reflect the Duty, namely:

- Strategic Planning (E-learning on Equalities, Well-being Impact Assessment, Equality content on web page)
- Finance & Assets (Asset Management Strategy & County Landlord Statements, SIG Business Case)
- Communications & Engagement
- Internal Audit
- Procurement
- Democratic Services (Committee Reports, Member training)
- Planning Policy
- HR

4.4. Please see key milestones and communication plan below:

Timetable / Communication Plan

| Date | Activity |
|------------------------|---|
| 15 January | Update for Equality E-Learning module (which features in corporate induction) |
| 26 January | New version of the Wellbeing Impact Assessment (WIA) website released on the intranet |
| Early February | Update for web pages on Equality and Diversity |
| 18 February | Briefing for Members (to include a summary of WIA changes) |
| 19 February, via email | Cabinet Briefing (to include a summary of WIA changes) |
| 26 February, via email | Briefing for SLT (to include a summary of WIA changes) |
| Early February | Notice on Linc / Notice on Visiontime: awareness of Duty and requirements |
| 11 March | Briefing for Scrutiny Chairs and Vice Chairs Group |
| 17 March | Briefing for Corporate Governance and Audit Committee (to include a summary of WIA changes) |
| 18 & 22 March | Sessions for Personnel (to include a summary of WIA changes) |

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

5.1. The Socio-economic Duty forms part of the Equality Act 2010, and will contribute to our Resilient Communities priority.

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

6.1 No additional costs are envisaged in embedding the Duty within the decision making and scrutiny processes for the Council. Adaptations will be within existing resources.

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

7.1 No Well-being Impact Assessment is required for adopting the Duty itself, and all decision making encompasses use of a Well-being Impact Assessment for each project undertaken.

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

8.1. This report has been shared with Cabinet Members, the Senior Leadership Team and the Chairs and Vice Chairs Committee Group to date.

8.2. The Communications Plan (above in 4.4) offers guidance on how the Duty will be implemented within the Council.

8.3. Lead officers for key decision-making functions have been briefed on the Duty and its requirements, and will adapt policies as appropriate.

9. Chief Finance Officer Statement

9.1 No Statement is required.

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

10.1 There is a risk that the consideration given to this Duty is piecemeal. This could lead to opportunities to reduce socio-economic disadvantage being missed, and/or risk of legislative breach. To mitigate against this, it's important to consider how effectively tools such as Well-being Assessments and

Engagement activities are being used by officers and members to aid development and scrutiny of strategic decisions, and whether any improvements could be made.

11. Power to make the decision

11.1 Equality Act, 2010.

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Preparing for commencement of the Socio-economic Duty

We wish to share with you today general information from Welsh Government to raise awareness of the Socio-economic Duty, contributing to a more equal Wales.

Page 25

The declaration and intent

The commencing of the socio-economic duty is a commitment from the First Minister's election manifesto.

Page 26

The duty will be a key mechanism in planning Wales's recovery from the impact of Covid- 19, making sure that we support the most vulnerable people in our communities and Build Back Better.

Legal Information

- Section 45 of the [Wales Act 2017](#) devolves the power to Welsh Ministers to commence the socio-economic duty to the Welsh Government. This involves enacting Part 1, Section 1 of the [Equality Act 2010](#) – the socio-economic duty.
- The Equality Act 2010 is a UK piece of legislation and Welsh Ministers do not have the power to change this.
- The duty will apply to eligible public bodies, who are deemed to have satisfied the ‘test’ under section 2(6) of the Equality Act 2010, it will come into force on the 31st March 2021.

The requirement on public bodies

What does the socio-economic duty require public bodies to do?

It requires **specified** public bodies, when making **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**.

Defining the key terms

We will consider what each of the following key terms mean when implementing the duty.

Page 39
Decisions of a strategic nature;

To consider;

Inequalities of outcome;

Socio-economic disadvantage.

Decisions of a strategic nature

“In general, strategic decisions will be those which effect how the relevant public body fulfils its intended statutory purpose (its functions in regards to the set of powers and duties that it uses to perform its remit) over a significant period of time and will not include routine ‘day to day’ decisions.”

For some public bodies, such decisions may only be taken annually, in other cases, they will come up more often.

The duty will apply to both new **strategic decisions** and when reviewing previous strategic decisions.

To consider

“Giving weight to a particular issue in proportion to its relevance.”

Due regard is an established legal concept in equalities law. The concept of due regard should be well understood by public bodies in relation to the public sector equality duty. It means giving weight to a particular issue in proportion to its relevance. We would expect the same principles to apply to this duty.

Existing practice for demonstrating consideration should be used. This might include impact assessment processes, systems for engagement and community involvement and use of local evidence and data.

Inequalities of outcome

- *“Inequality of outcome relates to any measurable differences in outcome between those who have experienced socio-economic disadvantage and the rest of the population.”*
- Relevant public bodies will be in a position to influence specific socio-economic inequalities – they should understand where they can have the greatest positive impact.

Inequalities of outcome /

There are a range of ways in which relevant public bodies can build this awareness as they will already have access to a wide range of relevant quantitative data and other evidence including: (not an exhaustive list):

The Welsh Government's Future Trends report;

The Welsh Government's Well-being of Wales report;

The Equality and Human Rights Commission (EHRC)'s report, 'Is Wales Fairer?'

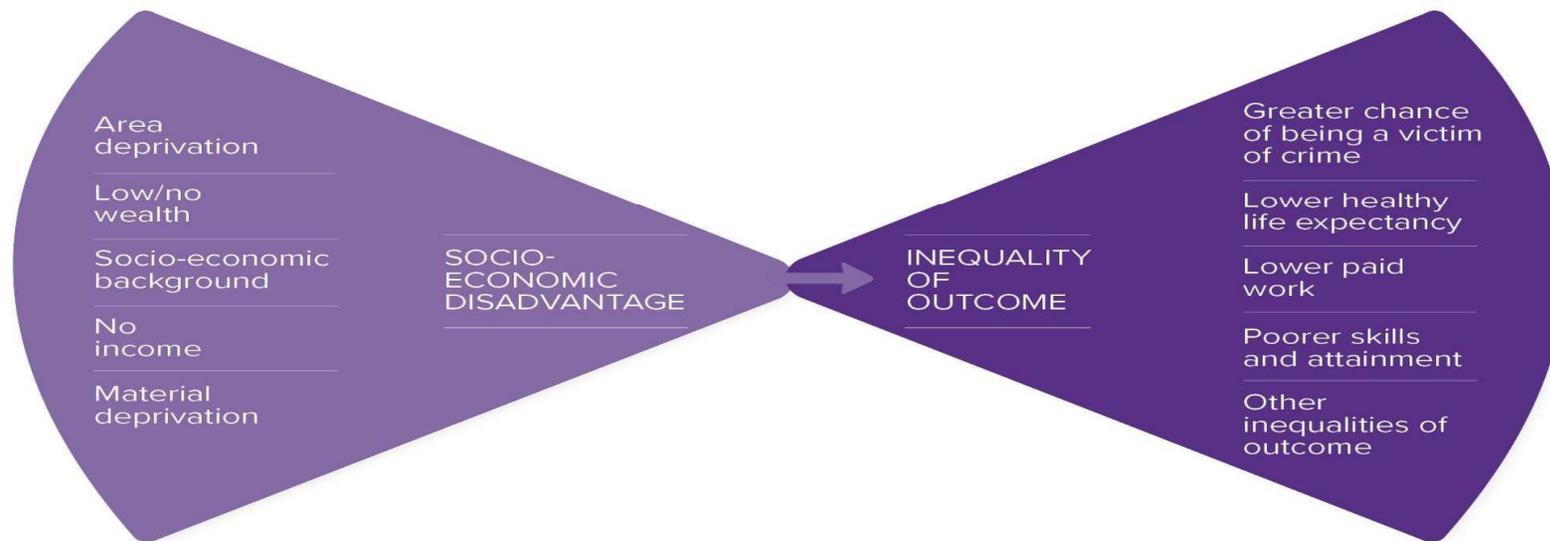
Socio-economic disadvantage

- *“Living in less favourable social and economic circumstances than others in the same society.”*
- **Communities of place** refers to people who are linked together because of where they reside, work, visit or otherwise spend a substantial portion of their time.
- **Communities of interest** – those who share one or more of the protected characteristics listed in the Equality Act 2010 can be considered communities of interest.
- **Socio-economic disadvantage** can be disproportionate in both **communities of interest and communities of place**, leading to further inequality of outcome, which can be further exasperated when considering **intersectionality**.

Examples of the inequalities of outcomes arising from socio-economic disadvantage

Relevant public bodies need to consider how their strategic decisions can improve inequality of outcome for people who suffer socio-economic disadvantage.

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Working in a holistic way

There are opportunities to consider the Socio-economic Duty through other duties and through our Council functions. For example:

Public Sector Equality Duty

- Setting strategic objectives that relate to protected characteristics and poverty.
- Including socio-economic status as part of an Equality Impact Assessment.
- Consulting with people living in poverty as part of engagement under the Public Sector Equality Duty (PSED).
- Data collection identifies what groups of people are most likely to be living in poverty.

Well-being of Future Generations (Wales) Act

- Application of the 5 ways of working.
- Setting objectives that contribute to A More Equal Wales.

Working in a holistic way...

Council Functions

- Strategic Planning (E-learning on Equalities, Well-being Impact Assessment, Equality content on web page)
- Finance & Assets (Asset Management Strategy & County Landlord Statements, SIG Business Case)
- Communications & Engagement
- Internal Audit
- Procurement
- Democratic Services (Committee Reports, Member training)
- Planning Policy
- HR

In summary.....

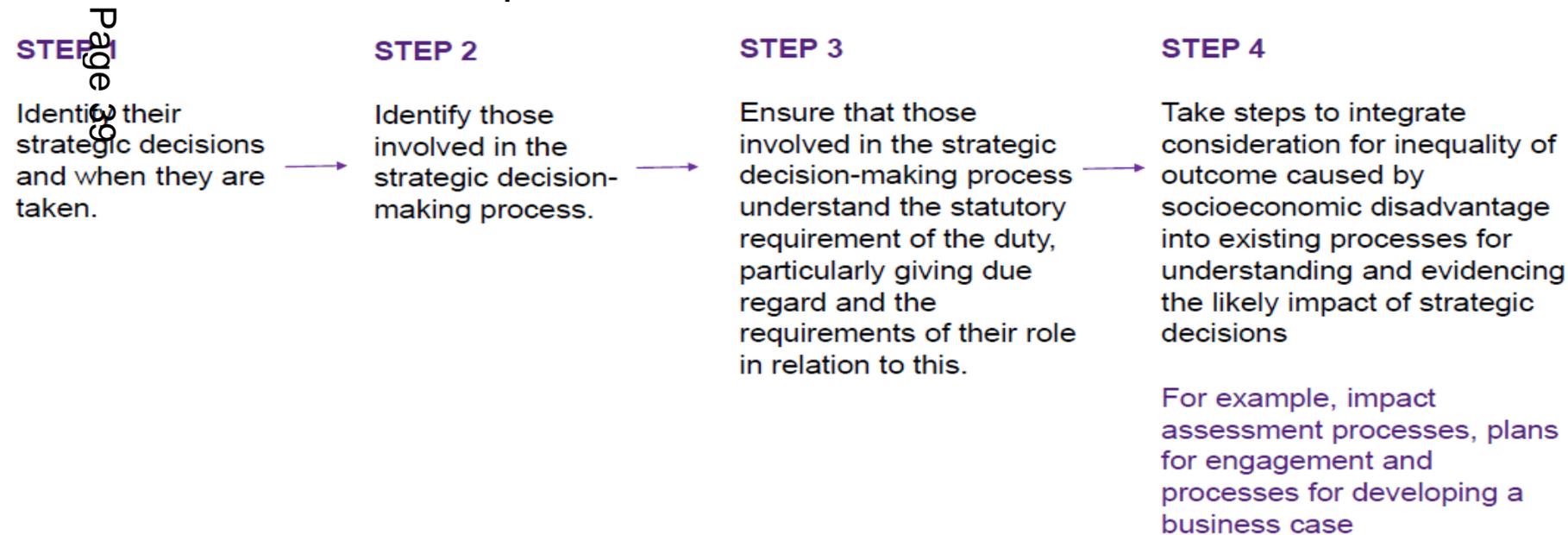
The overall aim of the duty is to deliver better outcomes for those who experience socio-economic disadvantage.

The Socio-economic Duty will support this through ensuring that those taking strategic decisions:

- Take account of evidence and potential impact through consultation and engagement.
- Understand the views and needs of those impacted by the decision, particularly those who suffer socio-economic disadvantage.
- Welcome challenge and scrutiny.
- Drive a change in the way that decisions are made and the way that decision makers operate.

Preparing to meet the Duty

In preparing for the duty is it recommended that the relevant public bodies follow the four steps below:



Meeting the duty on a day to day basis

An example of a 5 stage approach that Denbighshire County Council can take to meet the duty on a day- to-day basis.

Stage 1 (Planning)

- Is the decision a strategic decision?

Stage 2 (Evidence)

- What evidence do we have about socio-economic disadvantage and inequalities of outcome in relation to this decision?
- Have we engaged with those effected by the decision?
- Have we considered communities and places of interest?

Meeting the duty on a day to day basis / ...

Stage 3 (Assessment and Improvement)

- What are the main impacts of the proposal?
- How can the proposal be improved so it reduces inequalities of outcome as a result of socio- economic disadvantage?
- Have we considered communities and places of interest?

Stage 4 (Strategic decision making)

- This stage is for decision makers (for example, Cabinet, Senior Leadership Team, Members, board executives and committee members) to confirm that due regard has been given.

Meeting the duty on a day to day basis / ...

Stage 4 /...

- They must be satisfied that we have understood the evidence and the likely impact, and have considered whether the policy can be changed to reduce inequality of outcome as a result of socioeconomic disadvantage.

Stage 5

- This stage is how the process of evidencing and recording how 'due regard' has been given. At this stage changes to the decision should be made and recorded.

What is in place for Denbighshire County Council?

Integration of the duty into our existing processes through the following:

- Taking an integrated approach to impact assessment.
- Taking a broader approach to engagement and involvement to include socio-economic disadvantage.
- Developing scrutiny frameworks to include inspection of impact with respect to inequality of outcome that results from socio-economic disadvantage / poverty.
- Taking an integrated approach to planning and reporting.
- Developing Integrated performance measures (use of EHRC for a performance framework).
- Considering prevention of inequalities of outcome caused by socio-economic disadvantage through application of the Well-being of Future Generations Act's five ways of working (also covered in our WIA).

Socio-economic duty and Denbighshire County Council

Procuring a Service

As the Council is subject to the duty, the duty remains with us. Therefore, the requirement to meet the duty does not pass to a third party through procurement, commissioning or outsourcing.

Working in Partnerships

When the Council works in partnership with bodies not covered by the duty, the duty only applies to us. For example, local well-being plans are developed and owned by a range of partners, however those public bodies subject to the duty should ensure that they are discharging their duty offering consideration on how the elements of the plan they have responsibility for will reduce inequalities of outcome caused by socioeconomic disadvantage.

All public bodies in Wales are encouraged to support the spirit of the duty.

Socio-economic duty and Denbighshire County Council /..

Will the duty apply to our schools?

The duty will not apply to schools. School Governing Bodies are created by section 19 of the Education Act 2002 and are statutory corporations. They therefore have a distinct legal identity from Local Authorities.

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Failure to comply with the Duty?

Although there is no reporting requirement associated with the Duty, it is for us to evidence how we are meeting the statutory requirement. It is recommended that there should be evidence of a clear audit trail for all decisions made under the 2010 Act, using existing processes, such as our Wellbeing Impact Assessment and scrutiny processes and our systems for engagement.

Once the duty is commenced, if we fail to perform the Duty, an individual or group whose interests are adversely affected by that decision, may be able to bring a judicial review claim against the authority. The Equality and Human Rights Commission (EHRC) may support an individual or group with regard to any such challenge, or take such a challenge itself.

Further Information on the Duty

In order to support relevant public bodies prepare for the duty, guidance has been co-produced between Welsh Government, relevant public body representatives, and other key stakeholders including EHRC and the Future Generations Office. Communication should be directed to: SocioeconomicDuty@gov.wales

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Link to Welsh Government page on Duty:

[Welsh Government Socio-economic Duty \(https://gov.wales/more-equal-wales-socio-economic-duty\)](https://gov.wales/more-equal-wales-socio-economic-duty)

<https://www.denbighshire.gov.uk/en/your-council/access-to-information/equality-diversity-and-human-rights.aspx>

Training on the Socio-economic Duty within the Council

Dates are as follows to offer training and / or briefings:

| | |
|-----------------------|--|
| February 1 | Cabinet |
| February 4 | Senior Leadership Team |
| February 18 | Members |
| March 11 | Scrutiny Chairs and Vice Chairs Group |
| March 17 | Corporate Governance and Audit Committee |
| March 18 / 22 | Personnel Sessions |

Well-being Impact Assessment

Well-being Impact Assessment website now asks us to consider the likely impact our proposals will have on the socio-economic well-being of communities, including those with protected characteristics, as well as the impact our proposals will have on climate change and nature's decline. We need to ask ourselves:

SOCIO-ECONOMIC WELL BEING OF COMMUNITIES

Will our proposals do anything to reduce socio-economic disadvantage and prevent widening equality?

What are the voices of people and communities telling us?

Have we engaged with those affected by the proposal (including those with protected characteristics, and those experiencing socio-economic disadvantage)?

What evidence do we have to support your proposal?

What steps are in place to fill in the gaps?

CLIMATE CHANGE AND NATURE'S RECOVERY

- Has tackling climate change and promoting nature recovery been considered as part of proposal?
- Does the proposal have a negative, neutral or positive impact in preventing the problem of climate change and nature's decline?
- Has all areas of carbon emissions been considered including supply chain as well opportunities for carbon absorption and biodiversity improvement?
- What evidence do we have to support your proposal? What steps are in place to fill in the gaps?

Well-being Impact Assessment continued...

If I'm undertaking an impact assessment, I should:

SOCIO-ECONOMIC WELL BEING OF COMMUNITIES

Take steps to design out negative consequences that could cause or exacerbate socio-economic disadvantage and widening inequality.

Avoid optimism bias and ensure our conclusions are supported by evidence, including the voices of people affected by the proposal.

CLIMATE CHANGE AND NATURES RECOVERY

- Take steps to design out negative consequences that could cause or exacerbate the emission of carbon (energy, fuel, waste, purchasing, behaviour), the reduction of carbon absorption (green space, trees) and the decline of biodiversity (extent, quality and connectivity of habitats).
- Take steps to design in positive consequences for the above.
- Avoid optimism bias and ensure our conclusions are supported by evidence, including the voices of people affected by the proposal.

Well-being Impact Assessment continued...

I'm a Cabinet Member/Lead Officer, I should:

- Ensure that I take ownership for impact assessments for which I am responsible.
- Challenge Officers to provide evidence or take steps to fill in knowledge gaps.
- Avoid and challenge optimism bias.

I'm a Scrutiny Member, I should:

- Challenge the conclusions of impact assessments and ask Officers whether the conclusions of their impact assessments were accurate (or are likely to be accurate).

[Well-being Impact Assessment Frequently Asked Questions are available on Linc.](#) There is a set of FAQs for Officers and another set for Members.

Support within Denbighshire County Council

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SOCIO- ECONOMIC DUTY

Strategic Planning Team,
Business Improvement and Modernisation:
strategicplanningteam@denbighshire.gov.uk

CLIMATE AND ECOLOGICAL CHANGE

Climate Change Programme,
Business Improvement and Modernisation:
climatechange@denbighshire.gov.uk

Thank you for your time today.

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| | |
|------------------------------|--|
| Report to | Corporate Governance and Audit Committee |
| Date of meeting | 17 March 2021 |
| Lead Member / Officer | Cllr Richard Mainon / Nicola Kneale, Strategic Planning Team Manager |
| Report author | Carol Evans, Strategic Planning and Performance Officer |
| Title | Alternative Service Delivery Model (ASDM) Toolkit |

1. What is the report about?

1.1 The Alternative Service Delivery Model (ASDM) Toolkit for the Council.

2. What is the reason for making this report?

2.1 The Toolkit was requested by the Corporate Governance Scrutiny Committee (henceforth Committee) in response to the Annual Governance Statement Improvement Plan (January 2021).

2.2 To brief the Committee on the ASDM Toolkit and how it can be used to work in partnership and collaboration.

3. What are the Recommendations?

3.1. The Committee notes the content of the ASDM toolkit, its intended use, its definitions, and approves its use both within the Council and when the Council is working in partnership.

4. Report details

4.1. In 2020 the Committee requested creation of a toolkit which would offer guidance on necessary considerations for a variety of partnership working models both within and outside of the Council. This was seen as a key element to ensuring there is a coherent partnership framework in Denbighshire.

- 4.2. The Toolkit provides guidance to establishing good practise in terms of partnership governance, covering evaluation/options appraisal methodology, policy, scrutiny requirements and good practise when reviewing the service delivery models we are involved in, and guidance to ensuring good governance arrangements are in place. This in turn will lead to better accountability, clearer understanding about performance, and subsequently, improved services for our communities.
- 4.3. The Toolkit is intended to be used as a manual. Page 5 lists the different types of service delivery models and contains links to further definitions of each, along with information on the process for establishing each model. From p8, the content covers the governance arrangements that should be considered for any model, along with a brief description of each item and signposting/links to further guidance. The end of the document features Appendices containing checklists and templates for use by partnership managers.
- 4.4. The Toolkit identifies the necessity to work with officers within key functions in the authority, for example Finance and Property, Legal, Human Resource, Democratic and Procurement services, from the onset of any partnership work. This will ensure any legal obligations the council needs to consider are met.
- 4.5. This comprehensive approach to establishing and monitoring partnerships will help improve effective scrutiny and focus on strategic partnerships and major partnerships.
- 4.6. A key priority is to ensure that there is a coherent partnership framework in Denbighshire. Once the toolkit is in operation the Authority will require:
- That Partnerships complete an annual “Health Check”
 - That Partnerships’ risks are identified and feed into the appropriate Service and / or Corporate Risk Register.
- 4.7. This Toolkit will replace any historical partnership governance documents within the Council.

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

- 5.1. Improved partnership governance is a key area for improving the Council’s performance in relation to all of its corporate priorities.

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

6.1 No additional costs are envisaged in embedding the ASDM Toolkit within the Council. Adaptations will be within existing resources.

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

7.1 In the main we offer positive or neutral impact upon all the seven well-being goals in terms of assessing this document. The Toolkit is a guidance document only, offering signposts to other policies and procedures, all of which would have received a Well-being Impact Assessment when created. We seek to ensure anyone within the Council entering into an alternative service delivery model has skills and information to enable an equal and transparent way forward.

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

8.1. The new ASDM framework takes account of the consultation conducted as part of the internal audit for the Committee in 2020.

8.2. The draft Toolkit was shared with Senior Leadership Team members requesting their input and advice in incorporating this into Council processes and considerations for partnership work. Contributions were noted and incorporated into the Toolkit.

8.3. Meetings with officers from key service functions (Business Improvement and Modernisation, Internal Audit, Finance and Property, Legal Services) were undertaken when work began on the ASDM, and draft versions have been shared as the work progressed. Lead officers for key decision-making functions have been involved in the creation of this document.

8.4. Following presentation at the Committee, the Toolkit (English and Welsh versions) will be published on line, and promoted via Linc and emails to SLT and Cabinet.

9. Chief Finance Officer Statement

9.1. It is important that all factors are taken into consideration when developing ASDMs. We have learnt from recent experience that the objectives and benefits must be clearly defined from the outset. It is also vitally important that realistic estimates for set up costs and timescales are included and scrutinised. The Commercialisation Strategy (part of the Medium Term Financial Strategy) includes clear guidance on what factors should be considered.

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

10.1. There is a risk that this guidance isn't followed and/or that there is a lack of awareness of its existence, which could lead to policy breaches. To mitigate against this, we will promote the Toolkit internally. It is important to consider how effectively tools such as this document are being used by officers and members to aide development and scrutiny of partnership arrangements, and whether any improvements could be made.

11. Power to make the decision

11.1 Section 111 of the Local Government Act 1972 (subsidiary powers of local authorities).

Alternative Service Delivery Model Toolkit

A guide to alternative service delivery models
(March 2020)

This Toolkit is to help you understand what considerations need to be taken into account when entering into any alternative service delivery model, such as a commissioned service, an in house service, an arm's length organisation, a partnership or to work collaboratively. It is a tool for anyone who works in the Council, as well as a guide for those who are in partnerships. It signposts you to appropriate policies and good practice for considering alternative service delivery.

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Purpose of the Toolkit

The purpose of this document is to signpost you to information you require in terms of consideration for delivering services within the Council. It offers guidance on alternative service delivery models which includes arrangements for commissioned services, an in house service, arms' length service delivery, partnerships and collaborative working. Policies and practices are already set up for these processes, and this document should help you identify a way forward and provide links to methodology, policy, scrutiny requirements, good practice and so forth.

All consideration for the more complex models, such as the commissioned services and arm's length service delivery MUST be taken through the Council's correct processes and worked through with Finance, Legal, Human Resource and Procurement services.

It is important to review and assess partnerships regularly to make sure they offer value for money and that the intended outcomes are achieved. The purpose of this Toolkit is to help us, with our partners, to review the service delivery models we are involved in, and to ensure good governance arrangements are in place. This in turn should lead to better accountability, clearer understanding about performance, and subsequently, improved services for our communities.

The Council is positive about approaching partners and approaches from partners to consider different forms of service provision to maximise use of all resources for a better outcome for our communities. We are flexible in terms of working with partners and will consider most options.

Information on the pages below offers guidelines to key alternative service delivery models (henceforth referred to as ASDM in this document); this list is not exhaustive.

An executive group / team of each partner organisation should provide their strategic overview of the partnership proposal, and provide their organisation's approval to commit to the partnership in accordance with the appropriate internal decision making processes.

Public bodies in particular need to ensure that they don't trigger procurement rules. As part of this process it is advised that before any partnership is entered into, a report must be submitted to the Council's professional leads for Insurance, Financial Services, Legal Services, Human Resources, Audit and Procurement Services for comment, and advice, as mentioned above. Consideration must be given to, though not limited to, Council financial procedures, risk management, audit review, commitment to equality and diversity, and compliance with General Data Protection Regulations (GDPR).

ASDMs used to support change are varied and each model comes with a number of benefits and concerns. There is a clear need for proper due diligence and thorough planning before embarking on an ASDM. For example, key considerations will be:

- Any decision to change the way services are delivered or to use a new delivery model requires a thorough options appraisal and business case.
- The Council needs to establish reporting, accountability and control mechanisms at the start of any new project so they are aware of the risk profile of each delivery model, and the actions being taken to mitigate the risks.
- Reporting, accountability and control arrangements need to be robust with all

parties having full understanding of the risks associated with the model. If the expected benefits and routes to achieving these benefits have not been well understood, then the delivery of the benefits is almost impossible. The credibility of the new model is also quickly challenged as it is impossible to meet the varying expectations of stakeholders, or capture sufficient evidence to demonstrate progress. This may also result in a lack of clarity over responsibilities and expected service practices.

After discussions with the above parties there should be a clear way forward for an ASDM model. It may also be the case that an ASDM model is not necessary.

Which alternative service delivery model to choose

Legal, Finance and Audit Services must be involved from the start of any of the arrangements

| Commissioned Services | Back in House Services | Strategic Partnerships | Collaborative Working | Arm's Length Service Models |
|---|---|---|--|---|
| Outsourced / contracted to an external organisation | Services previously commissioned outside of the Council, now returned to the Council (including modification of these services) | Including Shared Service Level Agreements (SLAs) plus public, private or community partnerships | Joint Venture / Social Enterprise or Community-led Companies / Commercial enterprise agreements, Local Authority Trading Company | Delivered through an Arm's Length External Organisation (ALEO) models, trusts or mutual organisations |
| Definition Click here | Definition Click here | Definition Click here | Definition Click here | Definition Click here |

| | | | | |
|---|--|---|---|--|
| Link to Procurement and Commissioning guidance for the Council. | Link to Performance Management Framework for the Council | Link to information to support setting up Partnerships and collaborative working. | Link to information in support setting up Partnerships and collaborative working. | Link to Arm's Length Service Delivery Process. |
|---|--|---|---|--|

| | | | | |
|--------------------------------------|---|--|--|--|
| Follow Procurement process as above. | Follow Performance Management Framework for Council activities, as above. | Follow guidance Appendices 1,2, 3 and 4. | Follow guidance Appendices 1,2, 3 and 4. | Follow 'Framework for Delivering Services using Alternative Service Providers' (to be finalised end March 2020) |
|--------------------------------------|---|--|--|--|

Any ASDMs, where there is overseeing and performance within the model, should refer to scrutiny - this will include Senior Leadership Team (SLT), Cabinet, Council, Scrutiny Committees, Joint Conwy and Denbighshire Scrutiny Board (part of PSB) and Corporate Plan Programme Board.

Commissioned Services and Contract Management

On many occasions service delivery is arranged by Denbighshire County Council, but not directly delivered by us. This is a commissioning model whereby a provider is paid to deliver a clearly outlined service on our behalf. Support from Procurement to guide you on this process is available. There should be Key Performance Indicators (KPIs) in place to monitor the provider's performance against the contract. Reporting and scrutiny arrangements for this contract should also be in place.

The Council will invite potential suppliers (including the Contractor) to tender for the provision of the services required.

On the basis of the specification, and in reliance on the bid submitted by the Contractor, the Council will select the Contractor to provide the Services. [Click here for Denbighshire County Council Contract Management \(2016 version\)](#)

The Contractor must be willing and able to provide the services in accordance with the Council's stated terms and conditions. This includes community benefits to add value for the Council. Advice on this process may be taken from the Community Benefit Hub. Click here for details ([link will be in place by end March 2020](#)).

More details can be found on the link below.

[Read our Procurement and Commissioning Strategy.](#)

Once good governance is in place, you have something you can refer back to, and can check that the commissioned service is on track to deliver, and that everyone has realistic expectations of working together. An example of this area would be the CIVICA contract.

In House Services

In-house services refer to conducting an activity or operation within the Council, instead of relying on outsourcing. This will include bringing services back in to the Council which have previously been commissioned. This means using our own employees and time to keep a division or business activity, such as financing, in-house. An in-house operation is an activity performed within the Council.

There should be a clear exit strategy from any commissioned service provider. Please refer to the section in this document, '[Ending and Exiting alternative service delivery models](#)'.

Strategic Partnerships / Shared Service Agreements

Any ASDM working refers to a network of multi-agency personnel which offers strategic input around theme(s) of mutual interest and a broad range of actions; this can easily be defined as two or more groups coming together to achieve a common purpose.

For the purpose of this toolkit this means local authorities sharing services and / or working on a partnership basis with other public, private and / or not for profit sector organisations.

'Partnerships can be formed between individuals, agencies or organisations with a shared interest. There is usually an overarching purpose for partners to work together and a range of specific objectives. Partnerships are often formed to address specific issues and may be short or long-term, formal or informal. Partnership working is required by government as an approach to ensure better relationships between central and local government, and the third sector, or indeed, between the statutory sector and the third sector in localities.' (Source: changesuk.net/themes/partnership-working/).

An example of strategic partnerships is the Public Service Board for Conwy and Denbighshire.

Collaborative working

This is the process of two or more people or organisations working together to complete a task or to achieve a goal through building shared knowledge, designing innovative solutions and forging significant change. This work would be for a particular purpose or piece of work, sharing ideas and thinking to accomplish a common goal. This is project / shared service / task and finish based, simply teamwork taken to a higher level. Options range from informal networks and alliances, through joint delivery of projects to full merger.

This document includes tools that can be used at each stage in the life of a partnership / collaboration, from considering the introduction of new partnerships; reviewing existing partnership arrangements; and exiting partnerships. The documentation will assist in identifying any potential problems.

Joint ventures tend to be more contractual and formal than other partnership agreements and often involve the setting up of company structures. This would include a Local Authority trading company.

Arm's Length Service Delivery Models

The Council considers arm's length organisational service delivery models. Some councils no longer rely solely on in-house operations to deliver either public services or their own internal functions. Many have used their legal powers to establish a mixed portfolio of provision, involving delivery models that operate across areas.

Services that are not delivered 'in-house' involve some form of arm's length service delivery model. The Council has guidance that seeks to highlight establishment of legal form, constitution and a corporate governance framework for a new enterprise (which is an independent entity). See Appendix 5 for further information and links to appropriate documentation for ASDMs; the Council's current commercialisation strategy is under review.

Whilst arm's length service delivery models can be set up by a local authority to deliver services on its behalf, its governance arrangements enable local authorities to retain some control and oversight in the organisation. This may be through arrangements such as local authority representation on the board or as a shareholder, through means such as providing assets or funding arrangements.

An example of a current arrangement is the Denbighshire Leisure Ltd delivery model, a wholly Council owned, not for profit Local Authority Trading Company limited by guarantee, to deliver various leisure related facilities activities and functions from 1st April 2020.

Arrangements to put in place for alternative service delivery models

Decisions on entering any ASDM should be based on a sound understanding of the risk and challenges, as well as the anticipated benefits. Some models are statutory. Arrangements are appropriate when they have the potential to deliver:

- Co-ordinated packages of services to individuals.
- Bidding for, or gaining access to, new resources – in cases where large funds are not available to single organisations.
- Meeting statutory requirements.
- Reducing the impact of organisational fragmentation and reduce duplication.
- Added value – achieving something more than an organisation could do by working alone.
- Value for money – when available resources are used economically, efficiently and effectively.

The information below may help you to consider which functions and services can be (or are) delivered by any type of model, and how an annual health check may be undertaken.

Arrangements for each of the alternative service delivery models above should encompass consideration for the procedures below:

- ASDM Agreement
- Performance Management
- Risk Management
- Safeguarding
- Equality and Diversity
- Well-being Impact Assessments
- Decision making and scrutiny
- Resource Management
- Conflicts of Interest
- Dispute Resolution
- Business Continuity
- Information sharing
- Communication and engagement
- Welsh Language Standards
- Complaints
- Data Protection
- Annual Health check
- Scrutiny and Support
- Ending and exiting alternative service delivery model arrangements.

Information on the above, is shared in the sections of the Toolkit which follow.

ASDM (Partnership) Agreements

For new and existing ASDMs their governance arrangements will need to be incorporated within a suitable form of agreement, which makes clear:

- The aims, principles and outcomes that the ASDM is responsible for achieving.
- Roles and accountabilities of each of the partners represented on the ASDM.
- Procedures under which the ASDM will operate.

The specific elements that need to be included in the agreement are highlighted in [Appendix 1](#), which can be changed to suit any circumstance, but no sections should be omitted.

The formality and complexity of the agreement will depend on the significance of the ASDM. For all ASDMs legal advice should be sought to clarify if there should be a legally binding agreement in place.

Heads of Legal and Financial Services for each partner must advise on the agreement as soon as possible within the creation process before it is formally signed.

Performance Management

There is a Performance Management Framework in place within Denbighshire County Council to measure performance and to support regular monitoring, review and progression. This would include whether or not an ASDM is underperforming.

Alignment of ASDM plans with the Corporate Plan priorities ([click here for link](#)) and the Public Service Board (PSB) priorities ([click here for link](#)) is important.

[Please click here to view a copy of “Improving Services for our communities – A guide to Performance Management”.](#)

In Denbighshire we use a cloud storage system called Verto to help us manage our performance and project information. The Strategic Planning Team can help talk you through Verto in particular with regard to content for project briefs, business cases and performance reports.

Risk Management

Any risks associated with an ASDM arrangement should be captured in a Service Risk Register.

ASDM boards should be committed to providing quality, sustainable and value for money provisions for communities. Clarity on responsibility for risks should be confirmed.

Partners must recognise that there are risks involved in all activities; they must ensure that effective risk assessments are undertaken in all key decision making processes, and where necessary, implement risk management plans to alleviate these identified risks, setting clear deadlines, and allocating responsible individuals for particular tasks.

Key risks the Council need to be made aware of would include strategic, financial and reputational risks. The process for identifying, assessing, managing and monitoring risks, and risk appetite for Denbighshire County Council, is an integral part of our management

process. Risk appetite is the level of risk we are prepared to tolerate or accept as a Council in pursuit of our long term strategic objectives.

Safeguarding

The ASDM will be required to describe its safeguarding practice, and what steps are taken to quality assure safe employment practice and safe service delivery. ASDMs may need to consider Disclosure and Barring Service (DBS) procedures. Safeguarding arrangements will be reviewed and assessed on an annual basis, forming part of a regular monitoring process.

[Click for Policy and guidelines Safeguarding](#)

Equalities and Diversity

All public authorities in Wales have a statutory duty, known as a General Duty, to assess the impact or give appropriate weight to the proposal to meet the aims of the Equality Act 2010. The duty ensures that equality considerations are built into the design of policies, the delivery of services, and are kept under review.

The Strategic Planning Team is available to assist with any queries relating to The Equality Act 2010 and Equality Act (Statutory Duties) (Wales) Regulations 2011. Please [click here for Denbighshire County Council pages on Equality, Diversity and Human rights](#).

Well-being Impact Assessment

A Well-being Impact Assessment (WIA) should be considered at the earliest possible opportunity. The logic behind this is simple in that it is easier to tweak proposals and plans to ensure a positive impact (or at least no negative impact) than it is to revise things at a late stage when the final decision on an ASDM proposal is being made.

This WIA tool helps you evaluate the impact of a new idea, policy, report or project. It will support you to consider ways to enhance the contribution you can make to the well-being of future generations, clearly aligned to the Well-being of Future Generations (Wales) Act 2015, and to the Equality Act (2010).

A Wellbeing Impact Assessment must be completed when changes to policies or the introduction of new policies are being considered.

Members of the Strategic Planning Team are available to assist you with any queries relating to Well-being Impact Assessments and additional information is available following the link: [Well-being Impact Assessments](#).

Decision Making and Scrutiny

Where ASDMs take executive decisions themselves, clear lines of accountability and transparent decision making processes are required, particularly for the decisions on committing and allocating resources.

An ASDM agreement should state the voting process required in order to make decisions and / or seek agreement. Votes could be cast through the Chairperson and any matter could be decided by a simple majority so long as a quorum is present. Consider a quorum as the minimum number of members of an assembly or society that must be present at any of its meetings to make the proceedings of that meeting valid. This may be, for example, 50% of the members.

It is good practice to ensure that all relevant information has been circulated at least a week prior to the meeting.

It is essential that members have the delegated authority of their organisation to make a decision on behalf of that organisation. However, no member should sign any contracts or legally binding documentation on behalf of the ASDM without due process.

It is important for the ASDM partners to agree and record how decisions are made.

Transparent arrangements for scrutinising ASDMs must be in place. For Council led ASDMs we have three scrutiny committees (Partnerships, Communities and Performance) and their main role is to give advice to the Cabinet, and to review and challenge Cabinet decisions. They also consider broad policy issues and make recommendations to the Cabinet and Council. [Click here for access to the DCC Website scrutiny pages.](#)

Resource Management

To ensure financial management is embedded within ASDM arrangements there are various stages of review. [Click here for Appendix 2](#) for Resource Management guidelines.

Conflicts of Interest

Procedures are required to resolve conflicts of interest to ensure decisions are open and transparent to all stakeholders. A conflict of interest can arise where two different interests overlap; for example, an ASDM member's duties or responsibilities could be affected by some other interest or duty that the member or official has.

[Appendix 3](#) (Guidance on Managing Conflicts of Interest) provides guidance on producing procedures for managing conflicts of interest.

Dispute Resolution

To avoid bad feeling and potential litigation between partners the ASDM agreement must set out the rules to be followed to resolve disputes. Ideally, disputes between partners should be settled in good faith and wherever possible, by internal discussion and negotiation within the ASDM. The ASDM agreement should include an escalation procedure in the event partners disagree amongst themselves.

Business Continuity

Business Continuity plans outline the action that will be taken in the event of a serious disruption to business, and identifies the priorities for recovery in order to keep the organisation running as normally as possible at all times, even in an emergency. If delivery of services and / or the ASDM project will impact on the Business Continuity Plan of a council service, details of the measures that will be taken to address this impact should be considered. Information regarding our Business Continuity process may be found by clicking [the link here](#).

Information Sharing

Our citizens and communities expect that we work together with our partners to deliver effective and joined-up services. Sharing of personal information for service delivery purposes is one of the key enabling mechanisms for improving collaboration, integration and ensuring effective decision-making. There are key golden rules for information sharing:

- Ensure Information you share is necessary, proportionate, relevant, who need to have it.
- Consider safety and well-being - base decisions on the safety and well-being of the individual and others who may be affected by their actions.
- Gather consent where appropriate - share with informed consent and, where possible, respect the wishes of those who do not consent to share confidential information. You may still share information without consent if, in your judgement, there is good reason to do so, such as where safety may be at risk.
- Keep a record of your decision and the reasons for it – whether it is to share information or not. If you decide to share, then record what you have shared, with whom and for what purpose.
- Be open and honest with the individual from the outset about why, what, how and with whom information will, or could be shared, and seek their agreement, unless it is unsafe or inappropriate to do so.
- Data protection is a framework to work to and not a barrier – remember that Data Protection legislation and human rights law are not barriers to justified information sharing, but provide a framework to ensure that personal information about living individuals is shared appropriately. To see Denbighshire County Council's Data Protection Policies, and for guidance, please [click here](#).

Communication and Engagement

Communication and engagement is vital because it ensures the ASDM's main messages are communicated with one voice, and misinformation is kept to a minimum. A complex strategy document is not necessary; the ASDM agreement might just cover key messages, key audiences, and channels of communication. [Click here](#) for further information on Corporate Communication.

Engagement, at any level is important and valued, and by using the Council's Engagement Toolkit, advice is offered for engagement planning on a formal or semi-formal basis. Please [click here](#) for the Engagement Toolkit link.

It is important that you work to maximise Council brand opportunities, with all services and ASDMs, to ensure brand harmony and clear recognition of Council work. [Please click here for further information regarding branding](#). We need to work together to make sure a consistent style is used throughout the Council.

Welsh Language Standards

The [Welsh Language Standards](#) aim to ensure a level playing field for Welsh language services across Wales and in Denbighshire we recognise the fact that Welsh speakers have a right to access services in the language of their choice.

When forming ASDMs, the Council will ensure the issue of how the model will operate with regard to the Welsh language is discussed and agreed as part of the Terms of Reference and / or constitution of the selected model.

When the Council is the strategic and financial leader within a partnership it will ensure that the public service provision is compliant with the Welsh Language Scheme. When another body is leading, input will still comply with the Welsh Language Scheme and other parties will be encouraged to comply giving priority with services provided to the general public.

When the Council is a member in a partnership, it will encourage the partnership to adopt a bilingual policy. When acting publicly in the name of the consortium, the Council will act in accordance with its Welsh Language Scheme. Should the Council join or form an ASDM, it will ask prospective partners about their Welsh Language Schemes, language policies or the means by which they will operate bilingually.

Complaints

Individuals can encounter difficulties when seeking redress for grievances concerning services delivered through ASDMs. These problems can be overcome by adopting an effective complaints protocol.

Due to the complexity of agreeing a separate ASDM complaints process, it is recommended that partners follow their own procedure. However, the ASDM needs to agree and include within their agreement a description of how the ownership of the complaint will be decided, and therefore whose procedures it will follow. For example, the Chair may allocate or take ownership. This normally follows the process of the organisation against whom the complaint was made, even though an ASDM approach and investigation may be taken (subject to General Data Protection Regulation {GDPR}).

Please click here for Denbighshire [Complaints Procedure](#).

Data Protection

Raising awareness of Data Protection with all employees is mandatory and this must therefore be considered for any ASDM. All information of a personal nature must be handled in accordance with Data Protection regulations (General Data Protection Regulations 2018).

The regulations include seven key principles that must be followed:

- Lawfulness, fairness and transparency
- Purpose limitation
- Data minimisation
- Accuracy
- Storage limitation
- Integrity and confidentiality (security)
- Accountability

These principles should lie at the heart of your approach to processing personal data.

Support and advice is available from dataprotection@denbighshire.gov.uk.

[Click here](#) to link to our policy on Data Protection.

Annual Health Checks

The Council has a long and successful history of working in partnership across the public, private, voluntary and third sector. The benefits and opportunities of working in partnership are well understood but risks can arise from using ASDMs and the Council must ensure that its involvement in these does not expose it to an unacceptable level of risk. Risks may be strategic, reputational and / or financial.

This document includes a template ([Appendix 4](#)) to undertake an annual 'health check' of each ASDM related to the Council in terms of strategic, reputational or financial importance. This health check is designed to identify any risks to the Council from its involvement in any of the ASDMs, and to make an overall assessment of their effectiveness.

An annual health check may lead to proposals for changes or improvements. It does not, however, substitute for the ASDM itself reviewing its governance and performances. Lead officers within the Council will have a responsibility to support and advise the ASDM to carry out its own review and take any action required to improve its governance.

Scrutiny and Support

There is a role for everyone in the Council to play in ensuring alternative service delivery models are monitored, measured and scrutinised.

Any ASDM needs to take into account where scrutiny for the model will take place, for example, in a Service Business Plan, or at a formal Scrutiny forum.

Ending and Exiting Partnerships

At some point, ASDM arrangements, or the organisation's involvement in these, will come to an end. This could be for several reasons:

- The ASDM achieves all that it set out to do.
- The priorities of an organisation / partnership change.
- On review, the ASDM is not delivering the outputs and outcomes it was set up to do and a new approach needs to be explored.
- The ASDM is replaced by another model or working arrangement.
- External funding sources / resources cease.
- On review, an adverse level of risk of continuing the ASDM is identified.
- The legal framework upon which the ASDM was founded changes.
- A partner organisation is restructured.

We need to be mindful that however ASDMs end, there is a clear closure report to offer. This will be a final document produced and used by senior management to assess the success of the project, identify best practices for future projects, resolve all open issues, offer lessons learnt and formally close the ASDM. This should include involvement with Finance, Legal and Audit Services.

It is important to make note of any lessons learnt during the process of setting up, running and / or closing down any ASDM. This information may be useful for others in the future to ensure that similar mistakes are not made, or, on a more positive note, where successes may be shared. Good practice dictates that models cannot be closed down until the "lessons learnt" have been recorded and benefits to the Council are noted.

APPENDICES

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Appendix 1: ASDM Agreement Template

The following model combines all the attributes of best practice. An ASDM agreement must address the following headings. The level of detail provided under each heading will be dependent on the significance of the ASDM. All agreements must be checked by legal, financial and audit representatives early in the process.

All partnership and collaborative working should have annual reviews.

Name of ASDM

1. Parties and Registered Office – partners and the main contact office for the partnership.

2. Powers – set out the legal powers that enable you and your partners to create this partnership.

3. Definitions and interpretation – define key words.

4. Commencement and Terms – length of time partnership will run / point at which it will be reviewed.

5. Purpose – what is the purpose of this partnership? Do you want this partnership to be legally binding?

6. Aims, Objectives and Outcomes - what has this partnership been established to achieve?

7. ASDM principles – consider the relationship between partners and mutual trust, respect, genuineness, and commitment. Understand each other's needs and self-interests.

8. Membership and Terms of Office – this may include:

- The number of representatives from organisations in the public, private and the voluntary and community sectors, which are actively involved in the area (equal representations is not a requirement, unless other rules dictate) and why they were chosen.
- A list of the constituent members and the number of representatives they have on the partnership.
- Who the chairs and vice-chairs of the partnership are, how they were appointed, and for how long?
- How often the membership is reviewed and any time limits that an individual representative can serve on the partnership.
- How the membership of the partnership reflects the characteristics and aspirations of the area / people it has been set up to serve.

9. Roles and Responsibilities

Identify the roles and responsibilities of each constituent member of the partnership. It may be appropriate to include statements explaining what different sector members can bring to the partnership and which areas of partnership activity they will be responsible for. In addition, this section may include the roles and responsibilities of the lead / accountable body, management board, partnership coordinator etc.

10. Staffing (TUPE, Secondment)

The parties will agree any provisions relating to employment, including TUPE, secondment and so forth. Within Denbighshire County Council, the Legal Department and HR Direct should be consulted for advice.

11. Meetings and Secretariat

This may include:

- What is the minimum number of meetings within a period?
- Are meetings open or closed?
- Where is the responsibility for setting meetings, agendas, working papers, minutes, follow up of actions, etc.?
- Who will provide the secretariat function and for how long?
- How and why are venues chosen?
- What are the expectations regarding members' behaviour during meetings?
- If a member needs to deputise the meeting, what protocols need to be followed?
- And any other elements of the meeting that need to be stipulated.

If action notes are used, on a more informal basis, decisions will still need to be recorded.

12. Performance Management

The Council's performance and project management system, Verto, is aligned to Results Based Accountability (for performance) and PRINCE 2 (for project methodology). This has clear guidance for how to formulate plans and take forward partnership and collaboration work in the form of projects and programmes. [Click here to access the Performance Management Framework documentation.](#)

13. Risk Management that includes Indemnity and Insurance

The partnership agreement should specify when, and in what format, the shared risk assessment and risk management plan will be monitored and reviewed, and by whom.

14. Resource Management / Pooled Funds / Unpooled funds

The partnership agreement should specify resource management processes, which may include:

- Processes for financial control and monitoring within and between partnerships.
- Processes for human and physical resources to enable the partnership to operate effectively.
- VAT and Tax arrangements
- Contract standing orders of which partner organisation are being followed
- Processes for auditing the partnership.
- Capital and revenue expenditure.

15. ASDM Assessment and Variation of the ASDM Agreement

The ASDM agreement should specify its self-assessment / review processes, and answer the following:

- How does the ASDM review itself?
- How often is this agreement to be reviewed?
- What are the protocols for changing or amending the ASDM agreement?

16. Exiting of Involvement with the ASDM

The ASDM agreement should specify systems and procedures that exist detailing the need for written notification to the Chair and secretariat of the intention to leave, the notice period required, and any exceptions. Consider final penalties for exiting an ASDM and pre-payment of grant if exiting.

17. Termination of the ASDM

The ASDM agreement should specify systems and procedures that exist in relation to the termination of this.

18. Community Involvement and Safeguarding

The ASDM agreement should specify systems and procedures that exist to involve the community in the delivery of services, and ensure consideration is given to equality and diversity in the key areas of partnership working. Safeguarding policies must also be in place for the ASDM, evidenced for audit purposes.

19. Information Sharing and Communication Methods

The agreement should take into account current Data Protection legislation. See section 27. below for further information.

20. Decision Making Process and Governance

- It is important for the partners to agree and record how decisions are made. The ASDM agreement should address:
- Who are the members of the ASDM?

- How does the ASDM make decisions e.g. simple majority vote? Casting vote by chair? What is a quorum for the decisions of the group?
- Who communicates decisions to people not present?
- How are the actions put into operation?
- What level of delegated authority does each member have?
- If a decision is of major significance (beyond the remit of delegated authority) what due process is required to gain each organisation's authorisation?
- How often will meetings be held? Where?
- How are extraordinary meetings convened?
- Is there a standard agenda?
- Will the Chair be in post? How is the Chair decided and how long will they be in post?
- Consider other positions need to be determined in the same way – secretary, treasurer, etc.
- Who takes note of agreements / decisions made / actions to be undertaken?
- The governance arrangements and any matters reserved. This will ensure consistency and clarity.
- To whom is the partnership answerable?

21. Conflict of Interest

The ASDM agreement should specify the systems and procedures that exist to resolve issues relating to conflicts of interest.

22. Dispute Resolution

The ASDM agreement should specify the procedures that exist to resolve disputes within this, which may include how disputes will be resolved where there is conflict between members, organisations and over decisions?

23. Complaints

The ASDM agreement should specify systems and procedures that exist in relation to management of complaints.

24. NHS Health Care Functions and Health Related Care Functions

This would consider any health care statutory requirements.

25. Confidentiality

This is a statement expressing the expectations of ASDM members with reference to confidentiality.

26. Freedom of Information

The Freedom of Information Act 2000 legislation, together with any guidance or codes of practice issued by the Information Commissioner or relevant government department concerning this legislation should be adhered to. Further information can be found on the [Information Commissioning Office website](#).

27. Data Protection

This sets out the parties' obligations, confirming any requirement to comply with any notification requirements under Data Protection Legislation, The Human Rights Act, and the common law duty of confidentiality.

General Data Protection Regulations: on 25th May 2018, a new European Union (EU) data protection law, the General Data Protection Regulation (GDPR), took effect. The GDPR give individuals in the EU more control over how their data is used and places certain obligations on businesses that process information of those individuals.

28. Human Rights

This sets out parties' obligations to the [Human Rights Act 1988](#).

29. Equalities Duties

Parties should consider in this clause the public sector duty of equality under the [Equality Act 2010](#).

30. Indemnities

This clause should set out who would indemnify who in the event of a breach of the agreement.

31. Liabilities

The parties should consider whether any of their liabilities to each other should be limited or otherwise provided for.

32. Welsh Language provision

The parties should consider any requirements of each other to ensure provision of the Welsh Language, including translator facility and [Welsh Language Standards](#).

33. ASDM and Agency

The parties should consider any requirements with Agencies brought in to support the ASDM.

34. Assignment and sub-agreements

Can one or more parties assign or replace the agreement at all? This would need to be considered.

35. The Contract (Right of Third parties) Act 1999

The partners may wish to exclude any third party who is not a party to the agreement.

36. Notices

This is the address where notices detailing ASDMs should be served under agreement e.g. formal variation.

37. Governing Law

Usually this will be England and Wales. This clause sets out the jurisdiction of the laws of the country that is satisfied that governs the agreement. For example “this agreement and any dispute or claim arising out of or in connection with it or its subject matter shall be governed by and construed in accordance with the law of England and Wales”.

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Appendix 2: Resource Management

In instances whereby an ASDM is accessing external funding, a partner may be nominated as an Accountable Body, with responsibility for acting as the banker / financial manager of the funding and main contact with the funding body.

The Accountable Body's role is to act on the ASDMs decisions. For example, it will secure and sign contracts or service level agreements and funds. The role involves:

- Administering and taking responsibility for the funding (e.g. ensuring structured financing procedures are in place).
- Providing resources (e.g. staff, facilities) to carry out the financial obligations.
- Ensuring that the grant allocated is spent according to the agreed plan.
- Establishing and maintaining effective systems for auditing and monitoring expenditure.
- To safeguard the position of the ASDM and to minimise the risk inherent in Accountable Body status, the organisation will carry out an evaluation of systems and procedures to ensure that the partnership is meeting the requirements as laid down by the funding body and the organisation. The financial responsibilities of the partnership should be executed in accordance with the guidance of the funding body and within the host organisation's financial requirements, for example, Contracts and Standing Orders or Financial Regulations within Denbighshire County Council. Regular reports detailing expenditure and income should be provided to the relevant partnership board, and the Council's Principal Finance and Assurance Officer (there is one for each of our services) should be kept up to date with progress at all times.

In cases where the Council has the Accountable Bodies status, it will be the responsibility of the Head of Finance and Property / Section 151 Officer to authorise interim and financial grant claims on behalf of ASDMs. It is an obligation that all members of the ASDM act in accordance with the guidance of the grant giving body.

Other key considerations will include:

- Making provision for tax payments and VAT
- Pooled Budgets
- Grant Funding
- Retention of grant funding records
- Apportionment of losses
- Indirect costs
- Partners Contribution to the ASDM
- Strategic Human Resources and Service Level Agreements
- Sustainability
- Audit arrangements
- Contracting

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Appendix 3: Guidance on Managing Conflicts of Interests

In preparing policies and procedures for dealing with conflicts of interest, the nature of the ASDM's particular structure, functions and activities, and any applicable statutory requirements should be taken into account. It should consider what its operations are, what fields it operates in, and what sorts of problems or risks might typically arise. For example, does the ASDM:

- Contract
- Allocate grants
- Undertake public consultation
- Undertake regulatory decision-making.

Consideration must be given to policies and procedures for managing conflict of interests. Please refer to the Codes of Conduct for the following:

- [Members Code of Conduct](#)
- [Council Officers and Personnel](#)

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Appendix 4: Annual Health Check

Each ASDM for the Council should be asked to complete an annual self-assessment of the 'health' of their governance, giving a score as to how well they meet the criteria. The document below offers a health check template with potential criteria to measure against.

Once an annual health check has been completed, it should be verified and agreed with by colleagues within Internal Audit or Strategic Planning.

Some of the detailed definitions and examples may not be directly applicable to our Council. There may be some additional definitions of good governance that the nominated lead officer will need to apply given the specific circumstances or arrangements for an ASDM. Evidence to support the findings of the health check will be held by the nominated lead officer.

This health check does not substitute for the ASDM itself reviewing its governance and performance. The Council's nominated lead officer and chief officer have a responsibility to support and advise the ASDM to carry out its own review and take any action required to improve its governance.

Contracts with parties outside of the Council, such as CIVICA, have specific suites of Key Performance Indicators (KPI) that need to be monitored and updated.

The health check has four categories, aligned with our Council's Corporate ROYG system.

| Score | Category | Description |
|--------|--|---|
| Green | Excellent | There is an excellent system of governance designed to achieve the partnership's and the council's objectives; any potential strategic, reputational or financial risks for the council are noted and well managed; performance is on track. |
| Yellow | Good | There is a basically sound system of governance, but some weaknesses that may threaten some of the partnership's and the council's objectives; any concerns regarding management of potential strategic, reputational or financial risks to the council are minor; performance is mainly on track |
| Orange | Some key areas for improvement | There are some significant weaknesses that could threaten some of the partnership's and the council's objectives; there are some significant concerns about potential strategic, reputational or financial risks to the council and their management; performance is not on track in some areas |
| Red | Many key weaknesses / Priority for improvement | Governance and controls are generally weak leaving the partnership's system open to significant error or abuse; the partnership's and council's objectives are unlikely to be met; there are many significant concerns about strategic, reputational or financial risks to the council and their management; performance is not on track in most areas. |

Denbighshire County Council

ALTERNATIVE SERVICE DELIVERY MODEL GOVERNANCE HEALTH CHECK

In consultation with your ASDM, please complete the tables below. Once the details have been agreed by **the ASDM please return them to the Strategic Planning Team (strategic.planning@denbighshire.gov.uk)**.

| |
|---|
| Name of ASDM: |
| DCC Lead Member: |
| DCC Corporate Director: |
| DCC Head of Service: |
| DCC Lead Officer (if appropriate): |

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Please look through each of the areas of good governance below. In each area we have provided a number of clear statements to illustrate what 'excellent' / Green ROYG status looks like for that area of governance. ROYG status should be used for all areas. They are:

| | |
|--|-----------------------------|
| Compliance rating (for each area reviewed) | |
| R (Red) | Critical Concerns |
| O (Orange) | Major areas to be addressed |
| Y (Yellow) | Some areas to be addressed |
| G (Green) | Excellent |

Please record your ROYG status in each area of good governance for your ASDM, making relevant notes on how the score could be improved.

Once these scores are allocated, they can be summarised in a separate template for ease of access to information further down in the document.

| Good governance / Health Assessment | ROYG Status | Notes |
|---|--------------|-------|
| Resilience Level Criteria: Value for Money | | |
| <p>Aims and objectives</p> <ul style="list-style-type: none"> • The ASDM has clear aims and SMART objectives clearly set out and understandable. • Strong alignment between the ASDM's and the DCC Corporate Plan 2017 – 2022 vision. • The ASDM has a set of values against which decision making and actions can be judged (e.g. code of conduct). • The ASDM achieves more than the sum of its parts. It delivers the benefits identified in the business case. | Overall ROYG | |
| <p>Finance and Assets</p> <ul style="list-style-type: none"> • The partnership has access to resources to support delivery of its aims and objectives. It has a financial and /or procurement plan that identifies how it proposes to use these funding to achieve its objectives. • The role of the ASDM in relation to finance and the extent of its powers to make financial decisions and approvals are stated and understood. • The ASDM has effective arrangements for financial monitoring and reporting. • The ASDM uses its resources well and demonstrates how it uses | Overall ROYG | |

| | | |
|---|-------------------------|--|
| <p>them to add value. It ensures that it uses resources to complement and enhance the work of individual partners.</p> | | |
| <p>Resilience Level Criteria: Levels of Demand</p> | | |
| <p>Evaluation and review</p> <ul style="list-style-type: none"> • The ASDM regularly reviews its policies, strategies, membership and use of resources against its objectives and targets. • The ASDM reviews its progress and delivery against clear outcomes, outputs and milestones and takes prompt corrective action if necessary. • Delivery contracts and agreements are monitored and poor performance is tackled. • Arrangements for responding to complaints and dealing with unforeseen problems needing a prompt response are in place and clearly stated. • There are clearly stated procedures to deal with disputes within the ASDM and these are followed when necessary. | <p>Overall ROYG</p> | |
| <p>Performance management</p> <ul style="list-style-type: none"> • The ASDM reviews its progress and delivery against clear outcomes, outputs and milestones and takes prompt corrective action if necessary. • Delivery contracts and agreements are monitored and poor performance is tackled. • Lessons learnt are identified and reported (for future reference for | <p>Overall ROYG</p> | |

| | | |
|---|-------------------------|--|
| similar arrangement considerations). | | |
| Resilience Level Criteria: Capacity | | |
| <p>Membership and structure</p> <ul style="list-style-type: none"> • The structure is clear, is set out in Terms of Reference, a Memorandum of Agreement and / or other governing documents and is regularly reviewed. • Roles, responsibilities and contributions are defined for all partners and set out in the governing documents, including whistle- blowing, responding to compliments and complaints, risk assessment, personnel and financial management and financial and performance reporting. • Key partners provide effective leadership. Their leadership roles and responsibilities are understood and fulfilled. • The membership provides the necessary knowledge, skills and experience to do the job. Partners ensure that the right people are in the right place at the right time. • The partners are committed at the highest level to deliver the partnership’s objectives. There are constructive working relationships between all partners, the right people attend the meetings, and these are supported by lead officers within partner agencies. • Changes to membership and exit strategies are considered and the governing documents say what will happen if/when a partner wishes to leave. | <p>Overall ROYG</p> | |

Resilience Level Criteria: Safety and Compliance

Decision making and accountability

Decision making is clear and transparent. Authority and delegations are set out in governing documents including

- Who can make what decisions
- Delegated responsibilities.
- The ASDM has a clear procedure for dealing with conflicts of interest.
- Those making decisions are provided with information that is fit for the purpose – relevant, timely and give clear explanations of technical issues and their implications.
- Decisions are properly recorded and notified promptly to those who are affected by them.
- The ASDM has a communication plan to inform service users, members and the public about the partnership, its decisions, its achievements and successes, who is accountable and responsible for what. It provides routes for people to comment / contribute to the partnership's work.
- The ASDM has clear lines of accountability and arrangements for reporting performance.
- Arrangements are in place for the ASDM to report in a timely way on its work and achievements to Council officers and Councillors. Decisions and activities are scrutinized at the appropriate level.
- There are clear routes for members and partners to raise concerns.

Overall
ROYG

| | | |
|--|--------------|--|
| <p>Partnership Risk Management</p> <ul style="list-style-type: none"> • Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk. • The ASDM has an agreed mechanism for identifying, assessing and managing risks. • Appropriate tools have been developed and resources are in place to manage risk. • ASDM risks are well managed across organisational boundaries. • There is clear evidence of improved ASDM delivery through risk management. | Overall ROYG | |
| <p>Equalities</p> <ul style="list-style-type: none"> • The ASDM assesses its policies and programmes for their impact on equality and diversity. • The ASDM considers impact on inequality and deprivation as part of its performance management. | Overall ROYG | |

Once the health check has been undertaken, findings may be summarized in the following template:

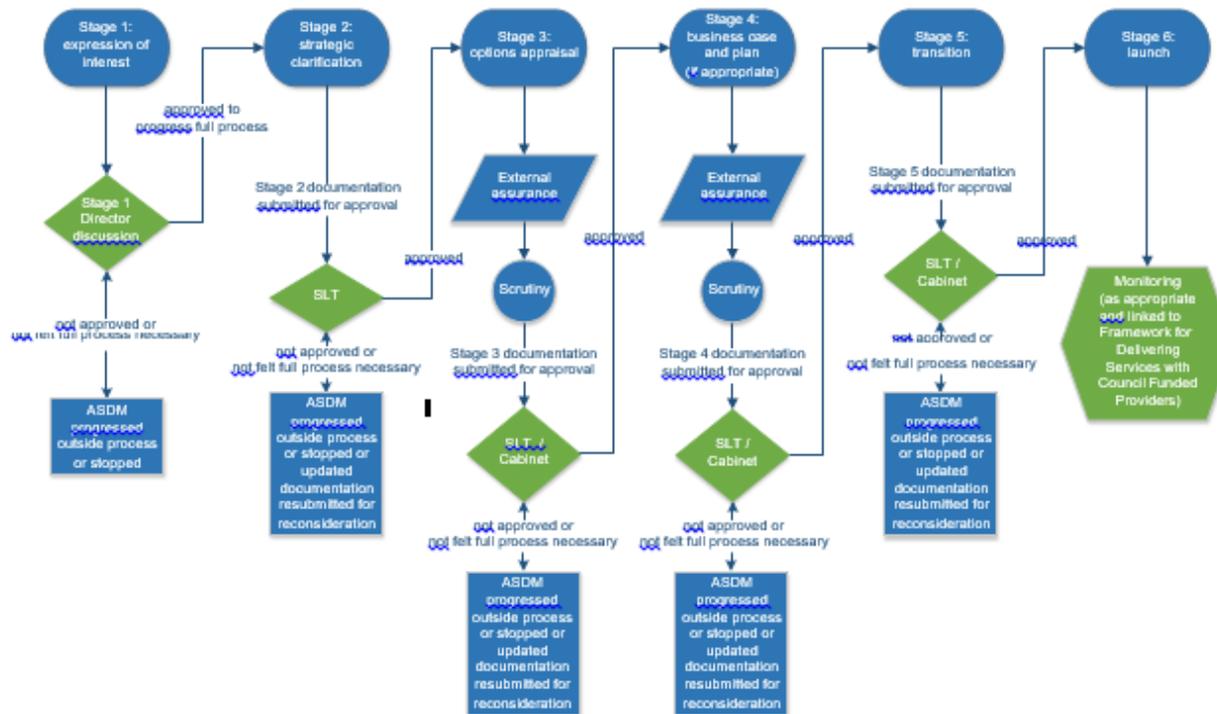
| Value for Money | | Levels of Demand (volume | Capacity | Safety and Compliance | | |
|---------------------|---------|--------------------------|--------------------------|-----------------------|-----------------|------------|
| Aims and Objectives | Finance | Evaluation and Review | Membership and Structure | Decision Making | Risk Management | Equalities |
| ROYG | ROYG | ROYG | ROYG | ROYG | ROYG | ROYG |

[Back to Appendices](#)

Appendix 5: Arm's Length Service Delivery Models

Denbighshire County Council documentation exists (at the time of publishing this is under development, hence all documents are noted as draft) to offer guidance for Arm's Length Service Delivery Models.

Denbighshire County Council process for considering alternative service delivery models



The chart above offers guidance as to how the model will be scrutinized when setting up. This is a lengthy process. Link to a copy of this chart - [click here](#).

Additional support documentation is as follows:

- Draft Commercialisation Strategy for Denbighshire County Council (April 2019). Available after March 2020 after which time link will be placed here and documents below may be altered).
- Strategic Clarification Report Template. [Click here](#).
- Business Case Template. [Click here](#).
- Transition Checklist (from a new entity perspective). [Click here](#).
- Summary of Service contracts, partnerships and other alternative service delivery models – see below:

‘The Council is involved in an increasing number of formal partnership arrangements and other alternative service delivery models. There is a need to ensure that all financial risks associated with such arrangements are managed effectively so as to protect the Council’s interests. Partnerships for this purpose shall be defined a working arrangement with a body other than Denbighshire County Council that is not covered by a contract. This shall include, but not be limited to, collaborative agreements, joint funding arrangements, shared services etc. Alternative service delivery models can include partnerships but also arrangements such as contractually provided services, mutual arrangements, joint committees and local authority trading companies.’

Information

The Toolkit has been created by the Strategic Planning Team. If you wish to discuss the documentation, or have more information on anything within the document, our contact details are below:



Email: strategicplanningteam@denbighshire.gov.uk



Phone: 01824 706291 (Monday to Friday, 8:30am to 5pm). Rydym yn croesawu galwadau ffôn yn Gymraeg / We welcome telephone calls in Welsh.



Write to us: Strategic Planning and Performance Team, Denbighshire County Council, PO Box 62, Ruthin, LL15 9AZ.

This document is also available in Welsh, and may be available in other formats on request



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| | |
|------------------------------|---|
| Report to | Corporate Governance Committee |
| Date of meeting | 17 March 2021 |
| Lead Member / Officer | David Wilson, Audit Wales |
| Report author | Steve Gadd, Head of Finance and Assets. |
| Title | Audit Wales' Audit Plan 2021-22 |

1. What is the report about?

1.1. Audit Wales's Audit Plan for 2021-22.

2. What is the reason for making this report?

2.1. To inform Corporate Governance of the key topics that Audit Wales will cover in their work on Denbighshire County Council in 2021-22.

3. What are the Recommendations?

3.1. That Corporate Governance notes the plan and has the opportunity to ask questions to understand the context and the focus for the proposals.

4. Report details

4.1. Ahead of each financial year Audit Wales issues an audit plan for the areas that it will focus on for each local authority. The plan is developed in conjunction with Denbighshire County Council and is focused on high risk areas. The plan was recently discussed with SLT on 11 February. Estyn and Care Inspectorate Wales were also present at that meeting.

4.2. The attached Audit Plan sets out the audit areas, namely:

- Financial Statements (a statutory function of Audit Wales). Details of the scope of this area of work can be found on pages 6-10 of the attached.
- Performance Audit, to include focus on our Financial Position; Covid-19

Recovery Planning; responding to the Local Government & Elections (Wales) Act 2021, and our Carbon Reduction Plan. See p11-12 more detail.

- 4.3. The in-year timing detail has yet to be worked out, but Audit Wales will inform Denbighshire County Council of it plans through regular meetings with the Head of Business Improvement & Modernisation. It should be noted that the plan is flexible, acknowledging that it is subject to the risk of Covid-19 impacting on timescales.
- 4.4. All reports on the above topics will be shared with Corporate Governance & Audit Committee as they are available.

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

- 5.1. Audit Wales work will cover some of the Corporate Priorities (e.g. Environment) and, more generally, the effectiveness of financial and performance controls at Denbighshire County Council.

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

- 6.1. The proposed fee is £306,638 (see p14 for detail).

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

- 7.1. This is a report on a work plan by an external organisation, therefore a well-being impact assessment is not required.

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

- 8.1. This has been discussed with SLT, when Audit Wales, Estyn and Care Inspectorate Wales were present as a regulatory group to discuss areas of risk in the Council to enable development of this plan.

9. Chief Finance Officer Statement

- 9.1. The annual audit is a statutory provision. The fees are an existing budget commitment for the authority.

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

10.1. There are no risks associated with this plan.

11. Power to make the decision

11.1. No decision required. This report is for information purposes.

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2021 Audit Plan – Denbighshire County Council

Audit year: 2020-21

Date issued: March 2021

Document reference: 2301A2021-22

This document is a draft version pending further discussions with the audited and inspected body. Information may not yet have been fully verified and should not be widely distributed.

This document has been prepared as part of work performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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2021 Audit Plan

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DRAFT

2021 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Each year I audit Denbighshire County Council's (the Council) financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Council has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.
- 6 However, due to the anticipated changes arising from the Local Government and Elections (Wales) Act it is likely that I will no longer have these duties during 2021-22 and thereafter. Therefore, I am not planning to discharge these duties as part of my 2021-22 audit programme. If these requirements of the Measure do remain in place for all or part of 2021-22, I will amend my audit programme to reflect this.

Sustainable development principle

- 7 Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Impact of COVID-19

- 8 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 9 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 10 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 11 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the Council as the 2021 position becomes clearer.

Audit of financial statements

- 12 It is my responsibility to issue a certificate and report on the financial statements. This includes:
- an opinion on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2021; and
 - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 13 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
 - the audit of the Clwydian Range and Dee Valley AONB joint committee;

- the certification of a number of grant claims and returns as agreed with the funding bodies.

- 14 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Corporate Governance and Audit Committee prior to completion of the audit.
- 15 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 16 There have been no limitations imposed on me in planning the scope of this audit.
- 17 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

Audit of financial statements risks

- 18 The following table sets out the significant risks I have identified for the audit of the Council.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

| Audit risk | Proposed audit response |
|---|---|
| Significant risks | |
| <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p> | <p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business. |

| Audit risk | Proposed audit response |
|--|---|
| Significant risks | |
| <p>Impact of COVID-19</p> <p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p> | <p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p> |
| <p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the Council. In some cases, these monies provide financial support to the Council itself. In other cases, the funds have been administered by the Council, making payments to third parties on behalf of the Welsh Government. The amounts involved are material to the accounts.</p> <p>Examples of audit risks include:</p> <ul style="list-style-type: none"> • Incorrect accounting treatment for COVID-19 funding ie principal or agency arrangements; • fraud/error risks; • potential year-end valuation uncertainty; and • estimation of accrued annual leave provisions. | <p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the Council.</p> |

| Audit risk | Proposed audit response |
|---|--|
| Significant risks | |
| <p>The Council has a subsidiary company – Denbighshire Leisure Limited. There is a risk that the company’s financial transactions that fall within the Council’s group boundary are not appropriately consolidated, and group accounts are not prepared or reflected in accordance with the requirements of accounting for group operations.</p> | <p>We will review the Council’s assessment of the need to prepare Group accounts and the associated accounting treatment to ensure it is appropriately reflected in the financial statements.</p> |
| Other areas of audit attention | |
| <p>McCloud judgement In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the ‘transitional protection’ arrangements amounted to unlawful discrimination. Consultations on proposed remedies for the Local Government, Police and Fire pensions schemes closed in October 2020. The Government recently announced that the underpin will be the deferred choice model and final details are expected to be published during 2021. The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p> | <p>My audit team will review the provision previously made in relation to the McCloud judgement and monitor progress on the outcome of the consultation to be applied in the LG pension schemes.</p> |

| Audit risk | Proposed audit response |
|---|---|
| Other areas of audit attention | |
| <p>Significant estimates</p> <p>The preparation of the financial statement will involve a number of significant estimates, such as the revaluation of land and building and valuation of the employee benefits under International Accounting Standard 19.</p> | <p>My audit team will:</p> <ul style="list-style-type: none"> • review the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; • evaluate the competence, capabilities and objectivity of the experts engaged by the Council to provide the estimates and evaluate the work carried out by the expert; and • review other documentation held to support estimates and assess the appropriateness of the Council's judgements made in determining the estimates. |
| <p>Revaluation of Property, Plant and Equipment</p> <p>Our audit of the Council's 2019-20 Financial Statements identified a number of errors related to the accounting treatment applied to the revaluation of assets.</p> | <p>We will design audit tests to ensure that the revaluation exercise has been undertaken appropriately and the required revaluations are correctly accounted for in the 2020-21 financial statements.</p> |

Other matters

- 19 There are two further matters on which my audit team will undertake early work in preparation for the 2021-22 audit.

Exhibit 2: Other matters

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

| Other matters | |
|--|--|
| CIPFA/LASAAC has once again deferred the introduction of IFRS 16 until 1 April 2022. The Council will, however, need to undertake considerable work to identify leases, and the COVID-19 pandemic may pose implementation risks. | My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases. |
| The Local Government and Elections Act 2021 includes in its provisions the establishment of a Corporate Joint Committee (CJC) to deliver services currently provided by the Council. | My team will undertake an early review of the preparations the Council is making for accounting arrangements related to the transfer of services to the CJC. |

Performance audit

- 20 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money and sustainable development.
- 21 In response to the pandemic, I have adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. My work on recovery planning, COVID-19 learning and my assurance and risk assessment work are examples of this. This has enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 22 For 2021-22, I intend to build on this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.

- 23 Given the high degree of commonality in the risks facing councils at this time I also intend to deliver a number of thematic projects examining risks common to all councils.
- 24 I have consulted public bodies and other stakeholders on how I will approach my duties in respect of the Wellbeing of Future Generations (Wales) Act 2015. This consultation was extended due to the pandemic.
- 25 In my consultation I have set out and sought views on proposals to:
- a) continue to undertake specific examinations to assess the setting of well-being objectives and how steps are being taken to meet them, respectively;
 - b) integrate the examination of steps alongside value for money studies and local audit work, wherever possible; and
 - c) strengthen and expand the co-ordination of work with the Future Generations Commissioner.
- 26 I will be writing to the 44 public bodies designated under the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.
- 27 In view of the above factors, I intend to retain a high degree of flexibility in my local performance audit programme and will continue to update the Council as the audit programme changes.
- 28 For 2021-22 this work is set out below.

Exhibit 3: Performance Audit Programme 2021-22

This table summarises the performance audit programme for 2021-22

| Performance audit programme | Brief description |
|--|--|
| Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations | Further details to follow. |
| Assurance and Risk Assessment | <p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Denbighshire County Council the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> • financial position; |

| Performance audit programme | Brief description |
|---|--|
| | <ul style="list-style-type: none"> recovery planning; implications of the Local Government and Elections (Wales) Act 2021, including self-assessment arrangements and the development of corporate joint committees; and Carbon Reduction Plan. |
| Thematic work – Springing Forward – Examining the building blocks for a sustainable future. | As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are harnessing learning to strengthen their ability to transform, adapt and persist in the delivery of services including those delivered in partnership with key stakeholders and communities. |

Certification of grant claims and returns

29 I have been requested to undertake certification work on the Council's grant claims and returns as set out in **Exhibit 4**.

Exhibit 4: summary of grant claim certification work

This table summarises my 2020-21 programme of grant claim certification work

| Name of scheme | Total value (Based on 2019-20 claim) |
|---------------------------|---|
| Housing Benefit Subsidy | £28.2 million |
| Non-Domestic Rates Return | £28.6 million |
| Teachers Pensions Return | £10.5 million |

| Name of scheme | Total value (Based on 2019-20 claim) |
|--|---|
| Social Care Workforce Development Plan | £2.3 million |

Statutory audit functions

- 30 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 31 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 32 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 33 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 34 Your estimated fee for 2021 is set out in **Exhibit 5**. This represents no increase compared to your actual 2020 fee.

Exhibit 5: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

| Audit area | Proposed fee (£) ¹ | Actual fee last year (£) |
|---|-------------------------------|--------------------------|
| Audit of accounts ² | 178,234 | 178,234 |
| Performance audit work ³ | 95,270 | 95,270 |
| Grant certification work ⁴ | 32,000 | 32,121 |
| Clwydian Range and Dee Valley AONB ⁵ | 1,134 | 1,134 |
| Total fee | 306,638 | 306,759 |

- 35 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 36 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 37 The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2020 to October 2021.

³ Payable April 2021 to March 2022.

⁴ Payable as work is undertaken.

⁵ Area of Outstanding Natural Beauty Joint Committee - payable as work is undertaken and subject to the level of testing required.

Exhibit 6: my audit team

This table lists the members of the local audit team and their contact details.

| Name | Role | Contact number | E-mail address |
|-----------------|-----------------------------------|----------------|--|
| Derwyn Owen | Engagement Director | 02920 320566 | derwyn.owen@audit.wales |
| Matthew Edwards | Audit Manager – Financial Audit | 07837 385420 | matthew.edwards@audit.wales |
| David Williams | Audit Lead – Financial Audit | 07812 670234 | david.williams@audit.wales |
| Jeremy Evans | Audit Manager - Performance Audit | 07825 052861 | jeremy.evans@audit.wales |
| David Wilson | Audit Lead – Performance Audit | 07580 823691 | david.wilson@audit.wales |

- 38 The only known threats to independence that I need to bring to your attention relate to Matthew Edwards, the Audit Manager (Financial Audit) and a team member, as both have a relative employed by the Council. As a result, they will not be involved in any work in relation to the relevant services and will only be permitted following a risk assessment.
- 39 I can confirm that there are no other known threats to the independence of my team members. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

- 40 The key milestones for the work set out in this plan are shown in **Exhibit 7**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.
- 41 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to

inspect the accounts that are also set out in the 2004 Act. The current COVID restrictions may impose restrictions on the Authority's ability to facilitate the inspection of accounts. Therefore, we have not yet set a date for the exercise of electors' rights and will continue to monitor the situation before confirming a date with you. We anticipate that we will be in a position to agree a date with you in late May 2021.

Exhibit 7: Audit timetable

| Planned output | Work undertaken | Report finalised |
|---|---|--|
| 2021 Audit Plan | January and February 2021 | March 2021 |
| Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum | June to August 2021 | September 2021 September 2021 October 2021 |
| Performance audit work: <ul style="list-style-type: none"> • | Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each study. | |
| Grants certification work | October 2021 to January 2022 | February 2022 |
| Annual Audit Summary | N/A | December 2021 |
| 2022 Audit Plan | January and February 2022 | March 2022 |



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

| | |
|------------------------------|--|
| Report to | Corporate Governance and Audit Committee |
| Date of report | 17 th March 2021 |
| Lead Member / Officer | Councillor Julian Thompson-Hill / Steve Gadd, Head of Finance and Property |
| Report author | Steve Gadd, Head of Finance and Property |
| Title | Certification of Grants and Returns 2019-20 Denbighshire County Council |

1. Purpose of the Report

1.1 A report entitled 'Certification of Grants and Returns 2019-20 – Denbighshire County Council' has been prepared by Audit Wales (AW) and is attached. The report sets out a summary of the key outcomes from WAO's certification work on the Council's 2019/20 grants and returns.

2. What is the reason for making this report?

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

3. What are the Recommendations?

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

4. Report details

4.1 The WAO report sets out a summary of the key outcomes from WAO's certification work on the Council's 2019/20 grants and returns and is for the internal use of Denbighshire County Council. The report summarises the key findings coming out of this work.

The report finds that the Council has adequate arrangements in place for the production and submission of the 2019/20 grant claims. The number of grants that are specifically audited by AW has reduced dramatically over recent years, however the four that remain are very complex and involve a large number of transactions and value. It is pleasing that the total effect of amendments to the Authority's claims and returns was small. It should also be noted that one of the qualifications was due to AW been unable to carry out their usual checks due to the impact of Covid 19 rather than anything found that was incorrect.

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

5.1 Grant Funding is vital in funding local government activity in a number of areas. The AW report helps give assurance that there are adequate arrangements in place within the Council to administer the grant process.

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

6.1 The fees for work undertaken by the WAO in respect of the certification of grants and returns for 2019-20 are included in the report..

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

7.1 It is the professional judgement of the Section 151 Officer that a Well-being Impact Assessment is not required for this report.

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

8.1 AW work closely with DCC throughout the audit process and DCC are kept fully up to date with any issues that arise from Audit Wales audit work.

9. Chief Finance Officer Statement

9.1 The AW report on the Council's grants and returns is for internal use by the Council in order to help focus on any areas of risk or weakness. It is pleasing to note that the report concludes that the Council has adequate arrangements in place. The fees are an existing budget commitment for the authority.

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

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

11. Power to make the decision

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

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Certification of Grants and Returns 2019-20 – Denbighshire County Council

Audit year: 2019-20

Date issued: March 2020

Document reference: 2311A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

Summary

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Denbighshire County Council (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
- 3 We have completed the audit and conclude that while the Authority had generally adequate arrangements in place for the production and submission of its 2019-20 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2020-21. Our conclusion for 2019-20 is based on the following overall findings:
 - the Authority worked closely with us to ensure that an accurate and up-to-date schedule of 2019-20 grants was in place throughout the year; and
 - there is scope to improve the Authority's arrangements for submitting its grant claims for audit.
- 4 For 2019-20 we certified four grant claims worth £69,625,023.
- 5 The Authority submitted 75% (three out of four) of its 2019-20 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of £32,121 (9 claims were certified in 2018-19 at a total audit cost of £59,107).
- 6 Two of the four claims were qualified (1:2); this is a higher qualification rate than the long-term Welsh average of 1:4.

Headlines

Exhibit 1:

| | |
|------------------------------------|---|
| Introduction and background | <p>This report summarises the results of work on the certification of the Authority's 2019-20 grant claims and returns</p> <ul style="list-style-type: none">• As appointed auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.• For 2019-20, we certified four grants with a total value of £69,625,023.• We have provided officers with a comprehensive Good Practice Grant Checklist to be included on each grant claim file. The Grant Checklist highlighted the key areas Audit Wales would be reviewing whilst performing grant auditor certification.• We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes. |
| Timely receipt of claims | <p>Our analysis shows that 75% of grants received during the year were received by the deadline set for the Authority in terms and conditions. The Housing Benefit Subsidy claim was received five days late, a minimal delay which did not impact on the certification process.</p> |

| | |
|--|---|
| <p>Certification results</p> | <p>We issued unqualified certificates for two grants and returns but qualifications were necessary in two cases (50%) for Housing Benefit Subsidy and Teachers Pensions</p> <p>The reasons for qualifying the two grants are set out below, these issues can be grouped into ongoing issues and those outside the Authority's control.</p> <p>Qualification issues reported in previous financial years</p> <ul style="list-style-type: none"> • Misclassification of Housing Benefit expenditure. <p>Qualification issues outside the Authority's control</p> <ul style="list-style-type: none"> • Due to travel restrictions arising from the COVID-19 pandemic we were unable to physically review the monthly Teachers Pensions contributions for 2019-20. |
| <p>Audit adjustments</p> | <p>Adjustments were necessary to two of the Authority's grants and returns as a result of our auditor certification work this year</p> <ul style="list-style-type: none"> • The Housing Benefit Subsidy was subject to amendments, increasing the balance owed to the Authority by £123. • Two amendments were made to the National Non-Domestic Rates Return. These amendments did not impact on the amount payable to the Welsh Government. |
| <p>The Authority's arrangements</p> | <p>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work.</p> |
| <p>Fees</p> | <p>Our overall fee for certification of grants and returns for 2019-20 is £32,121.</p> <p>This is just below our original estimate of £35,000 to £40,000 included in our Annual Audit Plan.</p> |

Summary of certification work outcomes

- 7 Detailed on the following page is a summary of the key outcomes from our certification work on the Authority's 2019-20 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 8 A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

Exhibit 2: key information for 2019-20

Key information for 2019-20

Overall, we certified four grants and returns:

- **one was unqualified with no amendment;**
- **one was unqualified but required some amendment to the final figures;**
- **one required a qualification to our audit certificate; and**
- **one was qualified but required some amendment to the final figures.**

Exhibit 3:

| Ref – Para 8 | Grants and returns | Claim due | Claim received | Late | Qualified certificate | Adjustment (>£10,000) | Adjustment (<£10,000) |
|-----------------|-----------------------------------|--------------|-------------------|------|--------------------------|--------------------------|--------------------------|
| BEN01 | Housing Benefit Subsidy | 30/04 | 05/05 | Yes | Yes | £nil | £123 |
| LA01 | Non-Domestic Rates | 29/05 | 29/05 | No | No | *£nil | *£nil |
| PEN05 | Teachers Pensions | 31/05 | 29/04 | No | Yes | £nil | £nil |
| SOC07 | Social Care Workforce Development | 30/09 | 28/08 | No | No | £nil | £nil |
| | Total | | | | 2 | £nil | £123 |

* Amendments made but no financial impact on the claim due to the nature of the error.

9 This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 5 to 6.

| Ref | Summary observations | Amendment |
|-------|---|-----------|
| BEN01 | <p>Housing Benefit and Authority Tax Subsidy</p> <ul style="list-style-type: none"> • Testing of Headline Cell 11 identified one instance in which housing benefit expenditure had been incorrectly classified within Cell 13 of the Subsidy Form resulting in a contra adjustment to both Cell 12 and Cell 13 of £123 and increasing the balance owed to the Authority. • Testing of Headline Cell 94 identified one instance for which the rent liability had been incorrectly capped at the LHA shared room rate, resulting in an underpayment of housing benefit. Where housing benefit is underpaid there is no impact on the amount of subsidy to be claimed because subsidy cannot be claimed on benefit that has not been awarded. It has therefore not been classified as an error for subsidy purposes. • These matters have been reported to the Department for Work and Pensions. | £123 |
| LA01 | <p>NNDR</p> <ul style="list-style-type: none"> • A contra adjustment of £8,065 was made to line 5 and line 6.5 of the Return. • An adjustment of £273,000 was made to the Aggregate Rateable Value disclosed in line 43 of the Return. This is a memorandum item and does not impact on the amount payable by the Authority. • These matters have been reported to the Welsh Government. • They did not impact on the amount payable to the Welsh Government by the Authority. | £nil |

| Ref | Summary observations | Amendment |
|-------|---|-------------|
| PEN05 | <p>Teachers Pensions</p> <ul style="list-style-type: none"> Due to travel restrictions arising from the COVID-19 pandemic, we were unable to physically review the monthly contribution forms for 2019-20. Instead we placed reliance on other evidence provided by the Authority which did not provide the same level of assurance that we would normally obtain from physical review of the monthly contribution forms. | £nil |
| | Total effect of amendments to the Authority's claims and returns | £123 |

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telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.



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| | |
|------------------------------|--|
| Report to | Corporate Governance and Audit Committee |
| Date of report | 17 th March 2021 |
| Lead Member / Officer | Councillor Julian Thompson-Hill / Steve Gadd, Head of Finance and Property |
| Report author | Steve Gadd, Head of Finance and Property |
| Title | Annual Audit Summary, from Audit Wales |

1. Purpose of the Report

1.1 The Annual Audit Summary for Denbighshire County Council produced by Audit Wales and sent to the Leader and Chief Executive of the Council. In previous years this took the format of an Annual Audit Letter.

2. What is the reason for making this report?

2.1 To introduce for information the Annual Audit Summary for Denbighshire County Council, from Audit Wales (Appendix 1). The Annual Audit Summary shows the work completed since the last Annual Improvement Report, which was issued in June 2019. The audit summary forms part of the Auditor General for Wales' duties.

3. What are the Recommendations?

3.1 It is recommended that CGC note the Annual Audit Summary for Denbighshire County Council, from Audit Wales.

4. Report details

4.1 The report is to introduce the Annual Audit Summary to the Committee. Audit Wales will be present at the meeting to present the findings and central messages. DCC welcomes the summary and looks forward to continue the excellent working relationship we have with our External Auditors.

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

5.1 The provision of timely and accurate financial information contributes to the modernising of the council to deliver efficiencies and allows residents to scrutinise the Council's activities.

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

6.1 There are no additional cost implications as a result of this report.

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

7.1 It is the professional judgement of the Head of Education and Section 151 Officer that a Well-being Impact Assessment is not required for this report.

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

8.1 Audit Wales work closely with DCC throughout the audit process and DCC are kept fully up to date with any issues that arise from Audit Wales audit work.

9. Chief Finance Officer Statement

9.1 The production of the Annual Audit Summary is the final part of providing assurance that the Statement of Accounts for the preceding year provides a true and fair view of financial position of the Council. It's pleasing to note again that the audit was unqualified.

9.2 The letter highlights the ongoing difficult financial environment that the council has to work within, as with all local government across Wales and the UK. Cabinet and Council Members are kept fully up to date on the Council's proposals to deal with the situation.

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

10.1 The ultimate risk is that the Statement of Accounts are not produced on time, or that they are produced with material and/or significant errors in them which would result in WAO qualifying the accounts. Such an outcome would have severe adverse reputational impact on DCC.

11. Power to make the decision

The letter summarises the key messages arising from WAO's statutory responsibilities under the Public Audit (Wales) Act 2004 and their reporting responsibilities under the Code of Audit Practice. In particular the 2004 Act requires WAO to

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

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Denbighshire County Council

Annual audit summary 2020

This is our audit summary for Denbighshire County Council. It shows the work completed since the last Annual Improvement Report, which was issued in June 2019. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 47 councillors who represent the following political parties:

- Welsh Conservatives 15
- Independent 11
- Labour 11
- Plaid Cymru – The Party of Wales 9
- Vacant seat 1

The Council spent £207.4 million on providing services during 2019-20; the seventh lowest spend of the 22 unitary councils in Wales.

As at 31 March 2020 the Council had £36.4 million of usable financial reserves. This is equivalent to 18% of the Council's annual spend on services, joint 11th of the 22 unitary councils in Wales.

Key facts

Denbighshire County Council has seven (12%) of its 58 areas deemed the most deprived 10% of areas in Wales, this is the seventh highest of the 22 unitary councils in Wales¹.

The county's population is projected to increase by 2.8% between 2020 and 2040 from 95,655 to 98,365, including a 9.1% decrease in the number of children, a 4.8% decrease in the number of the working-age population and a 29.4% increase in the number of people aged 65 and over².

The Auditor General's duties

We complete work each year to meet the following duties

- **Audit of Accounts**
Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**
The Council has to put in place arrangements to get value for money for the resources it uses, and the Auditor General has to be satisfied that it has done this.
- **Continuous improvement**
The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.
- **Sustainable development principle**
Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

¹ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

² Source: Stats Wales



Since the Spring of 2020, the ongoing pandemic has affected our audit work. We recognise the huge strain on public services and have reshaped our work programme and found new ways of working to reduce its impact on public bodies' response to COVID-19, while still meeting our statutory duties.



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

What we found

Audit of Denbighshire County Council's 2019-20 Accounts

Each year we audit the Council's financial statements.

For 2019-20:

- The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 15 September 2020, in line with the statutory deadline. The auditor's report also included an emphasis of matter describing material valuation uncertainty clauses in valuation reports on the Council's property and on Pooled Property Funds held by the Clwyd Pension Fund caused by the COVID-19 pandemic.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- The quality of the draft statements presented for audit on 15 June 2020 was good. This was a significant achievement given the unprecedented challenges posed by the COVID-19 pandemic.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Corporate Governance and Audit Committee in our Audit of Financial Statements Report on 9 September 2020.
- The Auditor General issued the certificate confirming that the audit of accounts for 2019-20 had been completed on 16 September 2020.
- In addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- Key facts and figures from the 2019-20 financial statements can be accessed [here](#).

Well-being of Future Generations Examination – Household waste collection (November 2019)

The examination that we undertook in 2019-20 considered the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to revise household waste collection, supporting the well-being objective of delivering an attractive and protected environment. We concluded that the Council has started to apply the sustainable development principle in developing the step and in taking actions to deliver it. However, there are opportunities to further embed the five ways of working into its decision making and planning. The report can be viewed [here](#).

Continuous Improvement

The Auditor General certified that the Council has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.

Financial Sustainability (March 2020)

During 2019-20, we examined the financial sustainability of each council in Wales. In Denbighshire Council we concluded the Council is in a relatively strong financial position but needs to strengthen its Medium-Term Financial Strategy and control some service overspending to support future financial sustainability. The report can be viewed [here](#).

National Fraud Initiative

In October 2020, the Auditor General published his report on the findings of the latest National Fraud Initiative (NFI) data-matching exercise in Wales. The exercise helped public bodies in Wales, including the 22 unitary authorities, identify fraud and overpayments amounting to £8 million. The report can be accessed [on our website](#). NFI continues to be developed and in the forthcoming NFI exercise (NFI 2020-2022), local authorities will have access to matches designed to help identify potential fraudulent applications for COVID-19 business support grants.

Corporate Arrangements for Safeguarding (August 2019)

During 2019-20, we examined corporate arrangements for the safeguarding of children and adults in Denbighshire. We concluded that the Council has effective arrangements for safeguarding, but it needs to improve monitoring and performance reporting. The report can be viewed [here](#).

Social services budgetary pressures (August 2020)

During 2019-20, we examined partnership working in the commissioning and funding of residential care and nursing home accommodation for older people in Denbighshire. We concluded that the Council has been unable to maximise the potential benefits of partnership working when commissioning and administering residential and nursing home care placements. The report can be viewed [here](#).

Other Inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. In May 2019, CIW, as part of a national review of how well local authorities and health boards promote independence and prevent escalating needs and in collaboration with Health Inspectorate Wales (HIW), led an inspection of the Council's older adult services. The report is [here](#). CIW also issued a Local Authority Performance Review letter. The letter is [here](#). There were no other Denbighshire County Council inspections in this period, but as usual Estyn inspected local schools, and services that are registered with CIW in Denbighshire were subject to regular review.

Local Government Studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report we have published the following reports:

The effectiveness of local planning authorities (June 2019)

We reviewed progress of local planning authorities in delivering their new responsibilities. We conclude that planning authorities are not resilient enough to deliver long-term improvements because of their limited capacity and the challenge of managing a complex system. The full report can be viewed [here](#).

The 'Front Door' to Social Care (September 2019)

We considered the effectiveness of the new 'front door' to social care, looking specifically at services for adults. We found that whilst councils are preventing social-care demand, information, advice and assistance are not consistently effective. The full report can be viewed [here](#).

Review of Public Services Boards (October 2019)

We inspected how Public Services Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements. We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. The full report can be viewed [here](#).

Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)

We examined how the new duties and responsibilities of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act are being rolled out and delivered. We found that victims and survivors of domestic abuse and sexual violence are often let down by an inconsistent, complex and fragmented system. The full report can be viewed [here](#).

Rough Sleeping in Wales – Everyone’s Problem; No One’s Responsibility (July 2020)

We looked at how well public services are responding to the issue of rough sleeping. Overall, we found that responding to COVID-19 is an opportunity for public bodies to start addressing long standing weaknesses in partnership working which has stopped them from tackling rough sleeping in the past. The full report can be viewed [here](#).

Better Law Making (September 2020)

This report draws on five reports published between 2019 and today looking at how local authorities are responding to the challenge of implementing new legislation. Implementation is a complex task which needs to be fully thought through by the Welsh Government and the Senedd whenever they bring forward and make any new legislation. The paper highlights the difficulties faced by local authorities and their public sector partners in implementing their new responsibilities. The full report can be viewed [here](#).

Commercialisation in Local Government (October 2020)

Councils have conducted commercial activity for a long time, and many councils are exploring additional commercial opportunities to mitigate against the financial pressures they face. Our report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation. It will also help councils to demonstrate how well they are discharging their value for money responsibilities. The full report can be viewed [here](#).

Planned work for 2020-21

We also looked at the key challenges and opportunities facing the Council. These risks could have an effect on the Council’s ability to meet its legal obligations in relation to the sustainable development principle, the use of its resources and continuous improvement.

The most significant risk and issue facing councils and the wider public sector during 2020-21 is the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our work plan for 2020-21 includes:

- Recovery planning in response to the COVID-19 pandemic
- COVID-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic
- Assurance and risk assessment
- A review of the Council’s financial sustainability
- A review of the Council’s delivery of its environmental ambitions
- North Wales Economic Ambition Board
- Commissioning Older People’s Care Home Placements – North Wales Councils and Betsi Cadwaladr University Health Board

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

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

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

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

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Corporate Governance and Audit Committee Forward Work Programme

| | | | |
|----------------------|---|---|---|
| 28 April 2021 | | Standing Items | |
| | 1 | Issues Referred by Scrutiny Committees (if any) | Scrutiny Coordinator – Rhian Evans |
| | 2 | Recent External Regulatory Reports Received (if any) | Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale |
| | 3 | Internal Audit Update | Head of Internal Audit – Lisa Lovegrove |
| | 4 | Forward Work Programme | Democratic Services |
| | | | |
| | | Reports | |
| | 5 | Budget Process | Head of Finance – Steve Gadd |
| | 6 | Internal audit strategy2021-22 | Head of Internal Audit – Lisa Lovegrove |
| | 7 | Internal Audit of Housing Tenancy (Follow up report) | Head of Internal Audit – Lisa Lovegrove |
| | 8 | Internal Audit of Payment Card Industry | Head of Internal Audit – Lisa Lovegrove |
| | 9 | Internal Audit of Direct Payments for Children (including case studies) | Head of Internal Audit – Lisa Lovegrove |
| | | | |
| June 2021 | | Standing Items | |
| | 1 | Issues Referred by Scrutiny Committees (if any) | Scrutiny Coordinator – Rhian Evans |
| | 2 | Recent External Regulatory Reports Received (if any) | Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale |
| | 3 | Forward Work Programme | Democratic Services |
| | | | |
| | | Reports | |
| | 4 | Statement of accounts | Head of Finance – Steve Gadd |
| | 5 | WAO Annual Audit Plan | Head of Finance – Steve Gadd |
| | 6 | Internal Audit Annual report | Head of Internal Audit – Lisa Lovegrove |
| | 7 | Contract Management update | Head of Internal Audit – Lisa Lovegrove |
| | | | |
| 28 July 2021 | | Standing Items | |
| | 1 | Issues Referred by Scrutiny Committees (if any) | Scrutiny Coordinator – Rhian Evans |

Corporate Governance and Audit Committee Forward Work Programme

| | | | |
|--------------------------|---|---|---|
| | 2 | Recent External Regulatory Reports Received (if any) | Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale |
| | 3 | Internal Audit Update | Head of Internal Audit – Lisa Lovegrove |
| | 4 | Forward Work Programme | Democratic Services |
| | | | |
| | | Reports | |
| | 5 | Treasury Management | Head of Finance – Steve Gadd |
| | 6 | Anti-fraud and corruption policy | Head of Internal Audit – Lisa Lovegrove |
| | 7 | Draft Statement of Accounts | Head of Finance – Steve Gadd |
| | | | |
| 22 September 2021 | | Standing Items | |
| | 1 | Issues Referred by Scrutiny Committees (if any) | Scrutiny Coordinator – Rhian Evans |
| | 2 | Recent External Regulatory Reports Received (if any) | Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale |
| | 3 | Forward Work Programme | Democratic Services |
| | | | |
| | | Reports | |
| | 5 | Social Services Budgetary Cost Pressures follow up report | WAO |
| | 6 | Parking Income | Head of Internal Audit – Lisa Lovegrove |
| | 7 | Final Statement of Accounts | Head of Finance – Steve Gadd |
| | | | |
| 24 November 2021 | | Standing Items | |
| | 1 | Issues Referred by Scrutiny Committees (if any) | Scrutiny Coordinator – Rhian Evans |
| | 2 | Recent External Regulatory Reports Received (if any) | Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale |
| | 3 | Internal Audit Update | Head of Internal Audit – Lisa Lovegrove |
| | 4 | Forward Work Programme | Democratic Services |
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| | | Reports | |

Corporate Governance and Audit Committee Forward Work Programme

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| FUTURE ITEMS | | | |
| | 1 | Updated Action plan from the Whistleblowing Report | Head of Legal, HR & Democratic Services |
| | 2 | The Local Government Act | Head of Legal, HR & Democratic Services |

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

Date Updated : 02/03/2021 SJ

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By virtue of paragraph(s) 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

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