

To: Members of the Governance and
Audit Committee

Date: 20 January 2022

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Dear Councillor

You are invited to attend a meeting of the **GOVERNANCE AND AUDIT COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 26 JANUARY 2022 VIA VIDEO CONFERENCE**.

Yours sincerely

G. Williams
Head of Legal, HR and Democratic Services

AGENDA

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 24 November 2021 (copy attached).

5 DENBIGHSHIRE COUNTY COUNCIL DELIVERING ENVIRONMENTAL AMBITIONS (Pages 19 - 70)

To receive the Audit Wales Report of Delivering Environmental Ambitions in Denbighshire County Council (copy attached).

6 UPDATE ON PLANNING FOR STATEMENT OF ACCOUNTS 2021/22
(Pages 71 - 76)

To receive an update report on the planning and timing of the Statement of Accounts 2021/22 (copy attached).

7 TREASURY MANAGEMENT (Pages 77 - 112)

To receive a report showing how the Council will manage its investments and its borrowing for the coming year and sets the policies within which the Treasury Management function operates (copy attached).

8 INTERNAL AUDIT FOLLOW UP - PROJECT MANAGEMENT OF QUEEN'S BUILDING (Pages 113 - 124)

To receive an update report on the progress in implementing the action plan that accompanied the Internal Audit report on the Project Management of Queen's Building which was presented to this committee in January 2021 (copy attached).

9 ANNUAL GOVERNANCE STATEMENT - IMPROVEMENT UPDATE
(Pages 125 - 136)

To receive an update report on progress made in implementing the improvement plan contained within the Annual Governance Statement 2020/21 (copy attached).

10 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME (Pages 137 - 144)

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

FOR INFORMATION

11 AUDIT WALES PERFORMANCE REPORT (Pages 145 - 156)

To receive a report on Audit Wales work plan and timetable (copy enclosed).

MEMBERSHIP

Councillors

Ellie Chard
Tony Flynn
Martyn Holland

Barry Mellor
Rhys Thomas

Lay Member

Paul Whitham

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All Councillors for information
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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

GOVERNANCE AND AUDIT COMMITTEE

Minutes of a meeting of the Governance and Audit Committee held in via video conference on Wednesday, 24 November 2021 at 9.30 am.

PRESENT

Councillors Ellie Chard, Tony Flynn, Martyn Holland (Vice-Chair), Barry Mellor (Chair) and Rhys Thomas.

Lay Member – Paul Whitham

Cabinet Members - Councillor Julian Thompson-Hill, The Lead Member for Finance, Performance and Strategic Assets, and Councillor Bobby Feeley Lead Member for Well-being and Independence.

Observers – Councillor Meirick Lloyd Davies and Gwyneth Kensler.

ALSO PRESENT

Head of Legal, HR and Democratic Services Monitoring Officer (GW), Head of Finance and Property Services (Section 151 Officer) (SG), Chief Internal Auditor (LL), Corporate Director: Communities (NS), Senior Auditor (MPJ), Chief Accountant (RE), Legal Service Manager (LJ), Strategic Planning & Performance Team Leader (IMG), Contracts and Performance Manager (PB) and Committee administrators (SJ, SLW and RTJ).

Audit Wales representatives David Wilson and Matthew Edwards were in attendance.

Sian Roberts – Care inspectorate Wales was in attendance.

1 APOLOGIES

There were no apologies received.

2 DECLARATION OF INTERESTS

Councillor Ellie Chard declared a personal interest in agenda item 7 – Approval of the Statement of Accounts 2020/21 - as she was a member of Clwyd Pensions Fund.

3 URGENT MATTERS

There were no urgent matters raised.

4 MINUTES

The minutes of the Governance and Audit committee held on 22 September 2021 were submitted.

RESOLVED that the minutes of the Governance and Audit committee held on 22 September 2022 be received and approved as a correct record.

5 CARE INSPECTORATE WALES - ASSURANCE CHECK 2021

The Corporate Director Communities (CDC) presented the Care Inspectorate Wales (CIW) Local Authority Performance Review (previously circulated).

The CDC introduced Sian Roberts from Care Inspectorate Wales to the committee. It was explained that Sian was the authorities lead inspector, an excellent working relationship had been established. Sian oversees both children's and adult social care issues for Denbighshire.

The report summarised the findings of the CIW assurance check of Denbighshire County Council undertaken 28 June to 2 July 2021. The purpose of the assurance check had been to review how well local authority social services continued to help and support adults and children with a focus on safety and well-being. Due to the pandemic it was stressed the normal arrangements for oversight and scrutiny had been altered to reflect the restrictions. It was important to note that many of the CIW colleagues returned to frontline work and supported health and social care delivery in the pandemic. The CDC wanted to express her thanks to all CIW colleagues, it had been recognised and valued across all Wales.

As the restrictions eased, CIW officers felt that it was important to conduct assurance check to assure authorities and CIW that services were being delivered appropriately and safely. The letter summarised the findings of the CIW assurance check undertaken 28 June to 2 July 2021.

The CDC highlighted a number of positives stated within the letter. The recognition of the positive culture and improvements within safe guarding was given particular importance.

The letter also acknowledged areas of improvement for the service.

Confirmation that audits had been temporarily halted during the pandemic, but have reinstated. The report acknowledged the challenges in recruitment throughout the service. The CDC stressed the comment that staff in Denbighshire are a credit to themselves and to the authority.

The Lead Member for Well-being and Independence stressed the challenges faced by the service during the pandemic. She thanked the CIW officers for conducting the assurance check and producing the report.

The Chair on behalf of the Governance and Audit committee wanted to thank the staff and officers for supporting the service and the community during the Covid-19 pandemic.

During the discussion, officers and the CIW representative expanded on the following:

- Recruitment was noted as a nationwide issue. A recruitment day had been held to provide additional information. Officers were doing all they could to recruit individuals into the service. Work to achieve a higher status and pay for employees in the service within Denbighshire was ongoing. The term 'grow your own' was made with reference to professional roles. It is an option the authority was exploring. Partnership work with Glyndwr University to explore the options had begun. Members heard that the process did have a number of problems but did present challenges.
- Work with colleges and sixth forms to aid recruitment had taken place. Work locally, regionally and nationally to promote the sector as a professional career for individuals was ongoing.
- Part of the Welsh Government hardship grant had been utilised to purchase technology. I-pads were purchased and placed in some extra care services and supported living schemes. Enabling individuals to maintain contact with friends, family and the officers.
- Members were pleased to note that support for staff had been provided during the pandemic. It was emphasised that it was a corporate wide approach to supporting our staff was adopted.
- The CDC provided members with some further information about referrals. It was acknowledged it was an area that needed further work and improvement. Managers and officers were exploring avenues to address the concerns raised in the CIW check.

Members discussed the need for any further scrutiny. The Chief Internal Auditor confirmed an audit on Children's Services was scheduled in the audit plan of work. A meeting had been scheduled with Children's Services in the New Year. The CDC confirmed that CIW do conduct follow up reviews on the original issues raised and action plan. It was agreed that following those reviews a report would be presented back to committee.

RESOLVED that the Governance and Audit Committee receive the CIW assurance Check 2021 letter and note its contents. It was agreed following the CIW review of the action plan a report be presented back to the committee for consideration.

6 CORPORATE RISK REGISTER REVIEW - SEPTEMBER 2021

Lead Member for Finance, Performance and assets along with the Strategic Planning & Performance Team Leader (SPPTL) presented the Corporate Risk Register Review, September 2021 (previously circulated).

Members heard that the Corporate Risk Register was regularly reviewed and the report had been presented at by CET, SLT and Cabinet prior this committee and Performance Scrutiny Committee.

The report highlighted changes made to the register. A number of changes had been made to risks including; scoring, wording and an additional two risks identified. The Lead Member guided members through the summary within the report which identified the changes.

It was highlighted Risks 18 and 35 were to be merged going forward and the likelihood score would be increased from D2 to C2 score.

The two new risks identified - Risk 47: The risk that the new North Wales Corporate Joint Committee and Risk 48: Recruitment and retention issues. The two new risks had been escalated to the Corporate Risk Register and summarised within the Register.

At this juncture the SPPTL stressed the report was presented to the committee annually to assure members that the corporate risk processes were being robustly applied.

This review followed a recent internal audit review regarding risk management including recommendations from the audit had been put forward. One of the recommendations had been to include a direction of travel for each of the risks. There was still an amount of work to be done in that regard which would be taken forward in the next review.

Work had started on performance measures to assess how well risks were improving. This work was still in its infancy and further work with risk owners would be needed. Included in the review had been a thorough assessment of risk appetite.

During discussions, the following points were raised:

- Risk 11 – the risk was concerned with the authorities inability to respond. The SPPTL stated he was satisfied the risk was still relevant.
- Risk 44 - Ash dieback action plan report was expected by March 2022.
- HR had currently begun a piece of work on work force planning with each individual service to go through staff retention and recruitment concerns and issues. An action plan for each service would then be produced. The Corporate Director for Communities highlighted, Covid had brought challenges and opportunities. One of the changes that had been observed was the opportunity for individuals to re-evaluate work life and personal life with individuals making decisions such as early retirement and changes in careers as a result of this.
- Risk 36 – confirmation that the residual risk score had been downgraded from B2 to C2. The Risk Score was reflective at the time the register was updated. Members heard the authority held a separate Risk Register for Brexit. A future piece of work to dismember the Brexit Risk Register was needed to ensure that risks that are still relevant are evaluated and included in the Corporate Risk Register if necessary.

RESOLVED that the Governance and Audit Committee are assured that the council's risk management process was applied correctly.

7 APPROVAL OF THE STATEMENT OF ACCOUNTS 2020/21

The Lead member for Finance, Performance and Strategic Assets presented The Statement of Accounts 2020/21 (previously circulated) for approval the council has a statutory duty to produce a statement of accounts that complies with approved accounting standards. The audited accounts have to be formally approved by elected members on behalf of the council.

The financial statements for 2020/21 were approved, subject to audit, by the Head of Finance and Property on 2nd August. The draft accounts were presented to

Corporate Governance Committee on 22nd September 2021 and were open to public inspection from 2nd September to 29th September. The approval of the audited accounts had been delegated to the Governance and Audit Committee.

The Statement of Accounts were produced in compliance with the International Financial Reporting Standards (IFRS). The Chartered Institute of Public Finance & Accountancy (CIPFA) produced the IFRS based Code of Practice on Local Authority Accounting and the council has produced the 2020/21 accounts in compliance with the Code.

It was stressed this was the first year that the authority had to complete group accounts, with the accounts from DLL incorporated in the overall accounts. The timetable for completion of accounts had been delayed due to covid, the final deadline for approval and signing off of the accounts was 30 November 2021.

The Head of Finance and Property Service (HFPS) expanded on the introduction by highlighting the stressful process to achieve the accounts by the deadline. An update report will be presented at the next committee meeting to summarise the work on next years' timetable would be presented. Work with DLL would continue to ensure accounts are received in time. He thanked the work of officers and Audit Wales representatives.

Matthew Edwards, Audit Wales representative echoed the thoughts of HFPS. The close working with the finance team had been positive. The report set out the key findings from the audit of Draft Statement of Accounts. He confirmed once the committee approved the finance statements, the Auditor General would issue an unqualified audit report.

Members heard it was the responsibility of the Auditor General to provide the authority with an opinion on the financial statement. That opinion covered two key aspects:

- Whether in all material respects they give a true and fair view of the financial position of the authority for the financial year, and
- Whether they have been prepared in accordance with the CIPFA code of practice of local authority accounting.

The audit identified seven uncorrected misstatements, all detailed within the report. The International Standards of Auditing required Audit Wales to formally request reasons as why they have not been corrected. Those reasons had been provided in the report.

Audit Wales highlighted a need for the authority to have an efficient and effective accounts closure process for the accounting and recording of property, plant and equipment.

The Chair on behalf of the committee thanked the officers and representatives from Audit Wales for the hard work that had been done to produce the accounts. It was a difficult year and the teams had worked extremely hard to produce the accounts to the deadline.

General debate –

- The HFPS confirmed it was a small team of finance officers that worked on the accounts. It had been recognised that there was a limited number of staff that had the qualifications to be able to work on the accounts. It was noted a number of staff may retire or leave at similar times. A trainee scheme was in place but it took 4 years for an individual to become qualified. The Monitoring Officer echoed the HFPS statement in supporting individuals to become qualified in the service they work.
- The deputy Section 151, Officer Rhian Evans had done a lot of work with CIPFA and trainee schemes. She was working to put schemes in place.
- Confirmation that no queries from the public had been received regarding the accounts.
- The section on 'matters on which I report by exception' referred to any further matters that needed the attention of the readers. There had been no elements within this report that needed to be raised.

Members,

RESOLVED that the Governance and Audit Committee note the contents of the report and approve the Statement of Accounts 2020/21.

At this juncture (11.10 am.) there was a 15 minute break.

Meeting reconvened at 11.25 a.m.

8 FINANCIAL SUSTAINABILITY ASSESSMENT

The Audit Wales representative David Wilson guided members through the report (previously circulated). He stated the report overall was positive. Highlighted within the report had been the covid funding received and the impact that had on the Council's finances overall. Members were reminded that reports had been prevented during the year on the impact of covid.

Stated in the report was the Audit Wales opinion that the authority had a good record of managing its budget, with further aspiration to improve its financial position. The Audit Wales representative guided members through the contents included in the Wales Audit report.

Contained within the report was the management response to the one recommendation on the budget variation work. The Head of Finance confirmed the budget process that had been implemented this financial year would resolve the issue around identifying pressures in services.

The Chair thanked the Audit Wales representative and officers for the detailed report.

During the discussion the Audit Wales representative and the Head of Finance expanded on members enquiries:

- Additional funding of £1.6mil had been received at the end of the year. Each local authority received additional funding. Attached to the funding had been two headlines- savings that had not been achieved and digital technology. The additional funding was received at the end of the year and was not

linked to expenditure. The authority did not have to show a failure in achieving a sum of its saving or the digital costs.

The additional funds were provided by Welsh Government; the amount had been decided by Government.

- The modified loan reserve was created when previous loans were collated and refinanced, the reserve had been created by overpayments made on those loans. The funds in the reserve would be fed back into the reserve accounts to contribute to the future higher payments for the refinanced loans over the next 20 years. Reserves are constantly reviewed. The usable reserves were available if the authority was required to reassign to a service.
- The term 'impactful service change' referred to the authority meeting the savings target most years without too much impact on direct service provisions. At some stage it was noted the council would have to make some savings that would have an impact on direct services.

Members thanked the officers and representatives for the detailed responses

RESOLVED that members note the *Financial Sustainability Assessment report and considered the management response.*

9 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.

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 that 5 Audits and 3 follow up reviews had been completed since the last committee meeting. It was highlighted that 1 of the 5 completed audits had received a low assurance the audit report had been attached as appendix 2 to the report. Of the 3 follow up reviews completed, 2 had been awarded a medium assurance and details had been included in the Internal Audit Update report. One follow up report was given a low assurance rating, details of that review were included as agenda item 10 on Contract Management.

Confirmation that the Senior Auditor position had been filled through a secondment of an existing member of the team, which in turn created an Auditor vacancy. Members heard the secondment of the Senior Auditor to Trace, Test and Protect (TTP) had been further extended to June 2022.

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. The audit conducted on Denbighshire Leisure Limited – Governance & Contract Management was a high level review of the governance arrangements and the management of key risks following the transition. The overall assurance was that the governance arrangements in place with Denbighshire Leisure Limited

were robust. Further details of the audit were detailed in the report. The CIA guided members through the detailed report.

Appendix 2 provided members with the Internal Audit of Exceptions, Exemptions and Variations from the Contract Procedure Rules (CPR). The purpose of the review had been to provide assurance that contract exceptions, exemptions, and variations were authorised and used appropriately in line with Contract Procedure Rules. The CIA introduced the Senior Auditor who conducted the audit. The Senior Auditor (SA) provided further details of the audit. The Legal and Procurement team had actively encouraged the audit. The audit sought to assess any effect the pandemic may have had on the use and prevalence of exception and extension requests. Confirmation that a sample of decisions from the previous 2 financial periods. The contract procedure rules were detailed with the provisions for granting exceptions and exemptions and variations were clear and concise. It was felt the pandemic did not increase the volume of directly awarded contracts or extensions. There were four issues raised during the audit, details of each had been included in the report.

During the discussion –

- Exceptions were contracts that had been awarded without going through the tendering process.
- Teckal exemption was a name of a case that established the principal that it was possible for a public sector organisation to enter into a contract with an entity that it controlled provided that there was no private sector involvement in that entity, the public body was able to demonstrate that it retained the same level of control over the said entity as it would of one of its own service departments and at least 80% of the turnover of that entity was related to work or services being performed for that public body.
- Members were reminded that the authority held a joint procurement service with Flintshire County Council (FCC). The SA confirmed she had obtained information on the number of contracts that had been awarded directly in the financial years 2019/20 and 2020/21. The numbers of directly awarded contracts did not change in the two periods and were broadly equivalent to the number of directly awarded contracts by FCC. It was stated there was very set and narrow criteria in place for when awarding direct contracts. The issue identified was the understanding of services to obtain Head of service approval had not always been evidenced.
- Out of the samples reviewed the four contracts awarded under the extreme emergency criteria, there was no evidence to suggest those were not extreme emergency conditions.
- Proactis was not being used as intended and as required by the Contract Procedure rules.
- A board was in place attended by Councillor Julian Thompson-Hill that monitors the joint service and performance of both authorities. It was noted that both authorities operated slightly differently under the joint service.
- The escalation process for a low assurance audit report to be discussed with the relevant Lead Member and senior management. The audit review had been received by CET and was due to go to SLT in the new year.

- The CIA suggested the results of the Contract Exceptions, Exemptions and Variations audit should be considered alongside the audit of Contract Management which had also received a low assurance report.

The Monitoring officer referred members to the action plan contained within the report. A number of actions had been agreed for each of the four issues raised with a deadline for each action to be completed. It was agreed at CET that a regular report would be presented to demonstrate compliance with CPR's. Members suggested a form or checklist to be completed when procuring contracts. The Legal Service Manager informed members that on the proactis system officers could not move on to the next stage of procurement without completing the section before thus acting as a checklist.

Confirmation that the audit on Denbighshire Leisure Limited that was part of the Internal Audit was from a Denbighshire perspective. The authority does provide an internal audit service to DLL as part of the contract. Confirmation that DLL would pay for any internal audits completed by Internal Audit if they request it.

Officers noted the concerns of members and it was agreed that a further update to the committee would be provided.

Members asked if a report on the proactis system could be presented to the committee. The Monitoring Officer stated that when new staff were in post they should be trained fully on any processes the job would entail. The use of Proactis in general needed to be reviewed. Confirmation that a proactis comprised of a number of modules to procurement and those modules worked well. The Legal Service Manager confirmed an update report on proactis use in procurement could be included on the committee's forward work programme.

RESOLVED that, members note the Internal Audit's progress and performance. Members requested that a follow up report be provided to committee at the July committee meeting following the internal audit follow up review. It was also agreed a service report on the use of proactis be included on the forward work programme.

10 INTERNAL AUDIT FOLLOW UP OF CONTRACT MANAGEMENT

The Chief Internal Auditor (CIA) guided members through the second Internal Audit follow up report (previously circulated). The report provided members with an update on the progress in implementing the action plan that accompanied the Internal Audit report on Contract Management. The original audit report was presented to the committee July 2020, at that meeting the committee requested a revised action plan to reflect key changes which was presented in January 2021. The first follow up was reported to committee in July 2021 with members requesting a second follow up report.

The Senior Auditor presented to members her findings from the second internal audit review. Members heard the assurance rating had remained as a low assurance a significant amount of progress in key areas had been made. One area noted was the approval of dedicated contract management resource.

Confirmation that the contract management forum had been established with service wide representation. The first meeting of the forum had taken place in early November. A forward work programme for the forum had been established, it identified and assess additional training needs across the variety of services. The contract management framework had been approved by SLT and was in the process of being rolled out to services. Prior to its implementation to services the forum would conduct rigorous tests on the framework to ensure it is fit for purpose. The assurance rating had remained as a low assurance primarily as a number of actions from the original action plan remained outstanding. The outstanding actions had mainly been linked to the implementation and embedding of the contract management framework. It was stressed in the first follow up some of the revised dates had been ambitious and challenging to achieve.

The Monitoring Officer (MO) suggested that a follow up review was presented to committee following review of the outstanding actions. Members heard that within the Procurement team, a systems officer had been recruited. Unfortunately, the service was still without a procurement manager.

The CIA confirmed that a review was scheduled for June 2022. A follow up report could be presented to committee following this review.

RESOLVED that members note the contents of the follow up report on Contract Management and a further follow up report be included in the committee forward work programme follow the internal audit review.

11 PROGRESS REVIEW OF THE NORTH WALES GROWTH DEAL - NORTH WALES ECONOMIC AMBITION BOARD

The Chair introduced David Wilson Audit Wales to present the report (previously circulated) to the committee.

Members were reminded that the Council had been asked to support the growth deal, the support was sought and received early 2021. Included in the review was an examination of the progress made by partners to prepare for delivery of the growth deal including the portfolio of management office, the support from Gwynedd Council provided to the process and the various groups and boards that had been set up to support the deal.

The report was purposely quite descriptive. Audit Wales officers stressed the importance of being able to describe how the process worked to incorporate the 6 local authorities and private sector to work together. Positive comments on the progress that had been made where included in the report but recognition of further work required was made.

No concerns regarding the operation of the growth deal were raised. The portfolio management office had provided a detailed management response and had been included for members' reference.

The Chair thanked the Audit Wales Representative and noted the assurance from Audit Wales on the progress of the North Wales Growth Deal.

RESOLVED, that members note the contents of the information report.

12 AUDIT WALES' WORKPLAN & TIMETABLE

The Chair Matthew Edwards and David Wilson, Audit Wales to present to members the Audit Wales' Workplan and timetable. Members were guided through the report (previously circulated).

Matthew Edwards updated members on the financial audit work. An emphasis was made on the impact on the authority's financial team to complete and audit the accounts, which in turn would impact on the Audit Wales work – Certification of the Council's Grant claims and returns 2020/21. Assurance was provided to member that most of the deadlines would be achieved. The area of concern was the Non-Domestic Rates return claim deadline. It would not be met; it was stressed that a number of authorities in Wales had failed to meet the assigned deadline. Confirmation that Welsh Government had been made aware of the position and priority to this work had been given. A report back to committee would be provided following any outcomes in the spring.

David Wilson guided members through the performance audit work completed and scheduled. It was positive to note that the work scheduled for Denbighshire was on track to be completed by the end of March.

Members thanked the officer for the report.

RESOLVED that members note the contents of the report.

13 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

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

It was agreed to amend the FWP as following:

- Audit Wales review on Cyber Resilience update included on the January or March 2022 meeting;
- Internal Audit Strategy 2022/23 report – March 2022;
- Draft Annual Governance Statement report – April 2022;
- Internal Audit Annual report – June 2022;
- Annual Whistleblowing report – March 2022;
- Annual report of RIPA – June 2022;
- Follow up reports from the Internal Audit reports on Contract Management and Exceptions and Exemptions – July 2022;
- Update on uptake of Proactis – March/ April 2022.

The Head of Finance and Property Services stated he would discuss the budget reports with the Community Staff to include in the FWP.

RESOLVED that, *subject to the inclusion of the above additions the Governance and Audit Committee's forward work programme be noted.*

The meeting concluded at 13.10 p.m

Report to	Governance and Audit Committee
Date of meeting	26 th January 2022
Lead Member / Officer	Cllr Brian Jones (Lead Member for Waste, Transport and the Environment), Cllr Tony Thomas (Lead Member for Housing and Communities), / Alan Smith (BIM Head of Service & Climate and Ecological Change Programme Senior Responsible Owner)
Report author	Helen Vaughan-Evans / Andrew Cutts (Climate Change Programme Manager / Maternity Cover)
Title	Audit Wales Report – Denbighshire County Council Delivering Environmental Ambitions

1. What is the report about?

- 1.1. This report summarises the Audit Wales Report of Delivering Environmental Ambitions in Denbighshire County Council and provides Officers' responses to the Proposals for Improvement.

2. What is the reason for making this report?

- 2.1. To ensure Elected Members are kept informed of and able to scrutinise observations and actions following an external audit of Denbighshire County Council.

3. What are the Recommendations?

- 3.1 That Members consider the report, the associated Proposals for Improvement and Officers' responses, providing feedback as appropriate.

4. Report details

- 4.1. In December 2020 to June 2021 Audit Wales undertook a review of Denbighshire County Council's ability to deliver on its environmental ambitions, including how the

Council plans to integrate, embed, measure, and communicate its environmental ambitions. The full report is included in Appendix 1.

4.2. The final report was issued in October 2021 and reached the conclusion that the Council is making excellent progress in embedding its environmental ambitions.

4.3. The report stated that this conclusion had been reached because:

- The Council has moved quickly to embed its environmental ambitions in its strategic planning frameworks and has allocated significant resources, but the full cost of the ambition is not yet known.
- The Council has communicated well with citizens, trying to inform, influence and change behaviours, and more comprehensive stakeholder mapping would further strengthen engagement.
- The Council has worked hard to communicate and train both councillors and staff, and though understanding is developing well more detail is needed on what 'ecologically positive' means to the Council and how the ambitions influence everyone's daily work.
- The Council has put baseline measures in place using an established performance framework, reporting over the next year will help the environmental ambitions to embed and the measures to evolve.

4.4. The report goes on to make 10 recommendations for improvement. Appendix 2 provides the recommendations for improvement and officers' initial response including what is proposed to be done in response.

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

5.1 Delivering on the Council's Environmental Ambitions will make a direct contribution to delivering upon the Council's Climate Change and Ecological Emergency declaration which committed the Council to become Net Carbon Zero by 2030 and improve biodiversity in Denbighshire. It will also make a direct contribution to delivering upon the subsequently adopted Climate and Ecological Change Strategy 2021-2030, by supporting the reduction in carbon emissions, increase in carbon sequestration and improvement of species richness of our land so that the Council can achieve its 2030

goals of Net Carbon Zero, Ecologically Positive and 35% reduction in supply chain emissions.

- 5.2 Delivering on the Council's Environmental Ambitions will support the Council in making its contribution to the Welsh Government policy for the public sector to be carbon neutral by 2030, for Wales to meet its legally binding target of reducing emissions to Net Zero by 2050 and supports the Council's statutory duty under Section 6 of the Environment (Wales) Act 2016 to "seek to maintain and enhance biodiversity".

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

- 6.1. There are no costs arising directly from this report.

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

- 7.1 A Well-being Impact Assessment is not required for this report.

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

- 8.1 Report findings and areas of improvement have been discussed at the Climate and Ecological Change Programme Operational Board, Chief Executive Team and the Climate Change and Ecological Emergency Political Working Group.

9. Chief Finance Officer Statement

- 9.1 Not required.

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

- 10.1. There are no additional risks arising from this report.

11. Power to make the decision

- 11.1 No decision is required.

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Delivering Environmental Ambitions – Denbighshire County Council

Audit year: 2020-21

Date issued: October 2021

Document reference: 2651A2021-22

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Summary report

Summary

What we reviewed and why

- 1 On 9 July 2019, the Council declared a climate change and ecological emergency. The Council committed to:
 - become net carbon zero by 2030 at the latest;
 - set up a task and finish group to draw up a clear plan within six months to achieve this aim, including ways to enhance biodiversity in Denbighshire;
 - call on the Welsh Government and UK Government to provide assistance and resources to reduce greenhouse gas emissions and enhance biodiversity; and
 - work with partners across the public, private and third sector to help solve the climate and ecological emergency.
- 2 We reviewed the Council's arrangements for achieving its goals to be net carbon zero and ecologically positive. The Council published its Climate and Ecological Strategy 2021-22 to 2029-30 in February 2021, and we recognise the Council is at the start of its journey to realise these plans. Our review covers how the Council plans to integrate, embed, measure, and communicate its environmental ambitions.
- 3 We undertook the review during the period December 2020 to June 2021. To inform our work we looked at a wide range of documents; met with key officers and councillors in interviews and focus groups; and issued an electronic survey to all Council employees. We sent the survey to 3,289 people across the Council and received 505 responses, which represents a response rate of 15%.

What we found

- 4 Our review sought to answer the question: **Is the Council making clear progress on delivering its environmental ambitions to become a net carbon zero and ecologically positive Council by 2030?**
- 5 Overall, we found that the Council is making excellent progress in embedding its environmental ambitions. We reached this conclusion because:
 - The Council has moved quickly to embed its environmental ambitions in its strategic planning frameworks and has allocated significant resources, but the full cost of the ambition is not yet known.
 - The Council has communicated well with citizens, trying to inform, influence and change behaviours, and more comprehensive stakeholder mapping would further strengthen engagement.
 - The Council has worked hard to communicate and train both councillors and staff, and though understanding is developing well more detail is needed on

what 'ecologically positive' means to the Council and how the ambitions influence everyone's daily work.

- The Council has put baseline measures in place using an established performance framework, reporting over the next year will help the environmental ambitions to embed and the measures to evolve.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
Embed the ambition further – evaluate assigned resources	
R1	<p>Review the assigned resources for the delivery of the Climate and Ecological Change Strategy 2021-22 to 2029-30:</p> <ul style="list-style-type: none">• Amend the wording in the financial section of the Strategy to clarify the total estimated costs to 2030.• Review the identified funding requirements against the performance to indicate if sufficient money has been assigned to the Strategy.• Produce a workforce plan for the Climate and Ecological Change Programme to identify roles and areas of responsibility that may be under resourced.
Communication with citizens – formally analyse key stakeholders and partners	
R2	<p>Complete key analyses to identify key resources in the delivery of the Climate and Ecological Change Strategy 2021-22 to 2029-30:</p> <ul style="list-style-type: none">• Undertake a formal analysis of existing and potential partners.• Undertake the stakeholder mapping exercise in the Communications Plan.
Communication with councillors and officers – further improve awareness of the environmental ambitions	
R3	<p>Review with service areas how they can clarify the impact of the environmental ambitions on their workforce's daily work.</p>

Recommendations

- R4 Review the findings from the employee survey and focus group work to understand how best to raise awareness of the environmental ambitions across the Council:
- Reinforce the ecologically positive goal alongside the net carbon zero goal.
 - Follow up on the service areas that reported low levels of awareness and not seeing guidance on the environmental ambitions.
 - Produce and communicate a plan to roll out training as wide as possible through the organisation on carbon literacy.
 - Produce and communicate a plan to develop training on the ecological literacy.

Detailed report

The Council is making excellent progress in embedding its environmental ambitions

The Council has moved quickly to embed its environmental ambitions in its strategic planning frameworks and has allocated significant resources, but the full cost of the ambition is not yet known

6 In reaching this conclusion we found that:

- Denbighshire County Council's Corporate Plan 2017-22 contained five corporate priorities, one of which focused on the environment. The aim of the priority was to ensure the environment was both attractive and protected, whilst supporting community wellbeing and economic prosperity. To achieve this aim, the Council was focused on reducing its carbon impact and increasing the use of renewables throughout the county. It also looked to increase the biodiversity value of the county by protecting vulnerable species and habitats for the benefit of wildlife and people who live in Denbighshire.
- the idea to declare the climate and ecological change emergency was originally a councillor initiative, and the subsequent work to create the strategy has been supported by a team of officers and was sponsored by the then Chief Executive.
- building upon, and considerably extending, its existing work on the environment, the Council has now produced a simple, clear vision to be net carbon zero and ecologically positive by 2030. The Climate and Ecological Change Strategy 2021-22 to 2029-30 produced by the Council's Climate Change and Ecological Emergency Working Group explains these two goals very clearly.
- after explaining each goal, the Strategy defines the starting point; clarifies where the Council wants to get to; explains the required changes to Council processes and policies; and lists the actions the Council must take to reach the goal.
- for each goal, the Council has identified 2030 targets (Year 9), along with Year 3 and Year 6 milestones. The Council has also identified annual targets to help it report on and manage performance.
- the Council is proud that it has two main goals, rather than focussing solely on its carbon impact, reflecting the earlier focus the Council placed on the environment in its Corporate Plan 2017-22.
- the Strategy has clear and obvious links to the Well-being of Future Generations legislation. The protection and improvement of the well-being of generations now and in the future are at the very heart of the Strategy.

- the Council's initial plan was for its Corporate Plan Board to monitor progress of the Climate and Ecological Change Strategy 2021-22 to 2020-30, as this Board was already responsible for monitoring the priorities in the Corporate Plan 2017-22 via quarterly meetings. However, the Council has moved quickly to create a specific Programme Board for the Strategy which met for the first time in June 2021. This new Programme Board will meet six-weekly to monitor the progress of the individual projects within the Climate and Ecological Change Programme. Both boards will continue to run and monitor the Strategy until the Corporate Plan Board disbands at the end of March 2022. The Council needs to take care that having two boards does not lead to confusion over the short-term.
- the Council established its cross-party Climate Change and Ecological Emergency Working Group after declaring the climate and ecological emergency. The Working Group was supported by a team of officers. The group worked throughout the COVID-19 pandemic, engaging with officers and citizens, to produce the Climate and Ecological Change Strategy 2021-22 to 2029-30 which the Council adopted in February 2021. The original intention was for this group to disband once the Strategy had been adopted. The Council states this group will stay in place until the end of the current Council in May 2022 and act as an additional check on compliance and progress of the Strategy and action plan. Adding this third group to the two boards mentioned above further confuses accountability.
- a key recommendation from the working group was to amend the Council's Constitution to include the need to have 'regard to tackle climate and ecological change' in the Principles of Decision Making. The Council has now formally committed to consider climate and ecological change when making all Council decisions. The Council has further embedded this commitment by amending a number of key documents and templates so that officers must explicitly consider environmental impacts when writing reports:
 - the new templates require officers to confirm they have engaged with officers delivering the Climate and Ecological Change Programme and explain how they have considered the two goals in their proposals.
 - the Climate Change Manager intends to review a sample of completed reports to monitor how well authors are considering environmental impacts.
 - one piece of work the Council has not yet completed is to provide guidance for calculating whole-life costings in the Significant Investment Group Business Case template.
 - the Council's Asset Management Strategy expires in 2021. The Council recognises that it needs to align with the corporate ambition to become Net Carbon Zero and introduce a new Asset Disposal and Acquisition policy that supports the Council to retain and/or buy land for carbon absorption and ecological improvement purposes. A new

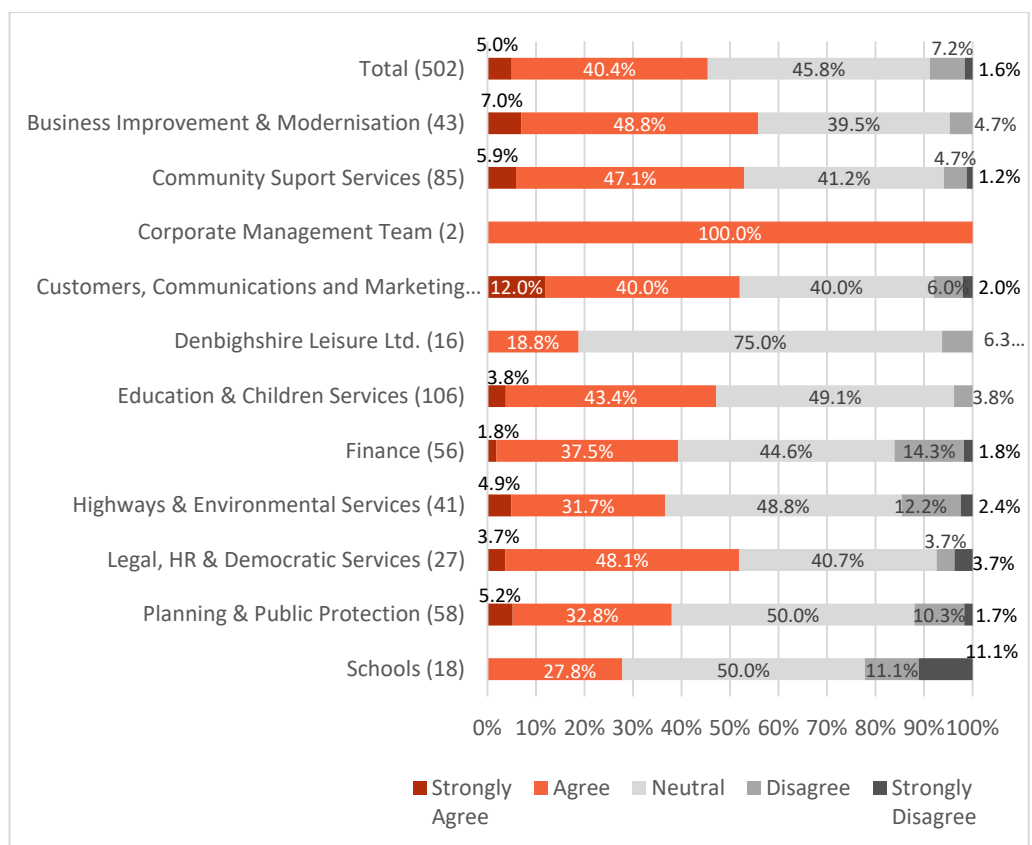
Asset Management Strategy is being drafted which reflects the Council's environmental ambitions.

- the Strategy is not supported by a detailed ten-year costed plan. However, the project team has identified an overall £18 million requirement for the duration of the Strategy. The Council has estimated the cost of the projects it wants to deliver for the next three years at £9 million. It has also estimated the cost for the projects for the remaining six years of the strategy at an additional £9 million.
- the Strategy is not supported by a detailed ten-year costed plan but does outline a total requirement to achieve its aims. It states, 'To deliver this strategy over the next 3 years we think it will cost in the region of £9 million pounds to deliver the projects needed to achieve all that we'd like. We suspect we will need to invest a similar figure in future years leading up to 2030.' We initially interpreted that statement as an overall cost requirement of £18 million (ie a £9 million cost for the projects the Council wants to deliver for the first three years, and an additional £9 million for the remaining six years of the life of the Strategy). However, the Council has told us the total requirement will be at least £27 million as it estimates a cost of at least £9 million for every three years of the ten-year Strategy. To avoid this ambiguity, the Council should make the Strategy as explicit as possible.
- the Council plans to take on prudential borrowing each year along with actively seeking external grant funding to provide the £9 million for the first three years of the Strategy. Whilst the funding for 2021-22 has been approved and provision noted in the MTFP for years 2 and 3 of the Strategy, Council funding for the Programme will be considered in future annual budget-setting discussions. Whilst an overall Programme budget is approved year on year, the individual projects to be delivered that year using the budget allocation are not approved until a business case has been considered via the Council's Significant Investment Group (SIG).
- the Council will need to review funding in relation to its identified performance measures to evaluate if the investment is achieving the intended goals. It has already identified affordability as a key risk in achieving the Strategy.
- officers told us that members of the Biodiversity Team are now in greater demand as more people approach them for advice and comments on reports. Whilst this is seen as a positive step by the Council, there is also a risk for future capacity in this team as demand grows. The team delivering the Climate and Ecological Change Programme is aware that it may be under-resourced with regards to technical expertise in certain areas and has stated it will monitor the situation closely going forwards. We were unable to obtain a workforce plan for delivery of the Climate and Ecological Change Programme which sets out the resources required now and, in the future, to deliver the Strategy.

- we held focus groups and surveyed staff as part of our review. The focus groups and survey told us there is a great deal of pride among councillors and employees in this work, and that creating and delivering this strategy is 'the right thing to do'.
- the focus groups and survey also highlighted varying levels of confidence in achieving the Council's ambitions for the environment.

Exhibit 2: survey response to the statement, 'I am confident the Council will achieve its ambitions for the environment.'

The chart below shows responses to our survey where we asked respondents to say how much they agreed with the statement, 'I am confident the Council will achieve its ambitions for the environment'. They were asked to choose from the following options: 'Strongly agree', 'Agree', 'Neutral', 'Disagree' or 'Strongly disagree'.



Whilst over 45% of the respondents agreed with the statement, nearly 46% chose the 'neutral' option and we are unable to say if this group is confident or not.

The focus groups presented a similar picture when we asked the delegates to score their levels of confidence in the Council achieving its ambitions on a scale of one (not at all confident) to six (very confident). The average score across all focus groups was 3.89

and delegates told us they thought the goals were very ambitious, possibly too stretching; they thought it was difficult to know what would happen with technological developments making the future unclear; and it was too early in the Council's journey towards the 2030 goals to be completely confident. The main concern arising from the focus groups was uncertainly whether the Council had secured adequate resources to achieve the goals. Delegates were unclear if the required people and funding were in place to deliver the Strategy.

The Council has communicated well with citizens, trying to inform, influence and change behaviours, and more comprehensive stakeholder mapping would further strengthen engagement

7 In reaching this conclusion we found that:

- the Council has produced a clear and detailed communications plan to support its Climate and Ecological Change Strategy.
 - the plan contains a range of work, including core messages, 'keeping informed' communications, and 'behaviour change' activity.
 - the plan also contained a section on stakeholder mapping, but this had not been completed. The Council states it has completed informal analysis of who it needs to work with, but it has not completed a formal analysis of partners. Completing these two areas would help the Council understand how to strengthen future engagement.
- the Council has produced a detailed strategy that clearly explains its overall message, its two goals, and how it plans to achieve them.
 - the Strategy is available in different formats (full, youth, easy read) and is supported by a simple, engaging, and clear infographic.
 - the Strategy contains 'Postcards from the Future' which provide an interesting narrative to explain what good would look like if the Council meets its climate and ecological goals to reduce carbon emissions, increase carbon absorption, reduce supply chain carbon emissions, and achieve ecological positivity.
- the Council ran two episodes of public engagement to inform and shape its response to the declaration of the climate and ecological emergency. The second period took place during the COVID-19 pandemic.
 - the first event was in January-February 2020 to collect feedback on the net carbon zero and ecologically positive goals, including a public engagement meeting in February 2020.
 - during the first period of engagement in January and February 2020, the Council asked for feedback on the net carbon zero and ecologically positive goals. The Council also asked for ideas on how it could achieve the goals by 2020. This period of consultation included a public engagement meeting in February 2020. The Council formed

an 'ideas bank' from the feedback it collected and prioritised them into the biggest and easiest wins on carbon reduction, increasing carbon sequestration, and improving biodiversity.

- the second period of engagement in November and December 2020 focused on collecting feedback on the draft Strategy. The Council held an online public meeting in November 2020 for people to learn more about the strategy and to provide verbal feedback and ask questions. Members of the public were able to complete an online survey at these sessions to give their feedback. This feedback was used to shape the final Strategy.
- the Council set up a sub-group of its 'Y Panel' consultation and engagement hub to focus on Climate Change. It collected e-mail addresses to compile a 'green mailing list' to keep all interested people informed about progress in delivering the two goals and the development of the Strategy.
- the Council is aware that raising awareness of certain schemes to help meet its environmental goals is difficult. For example, despite sending out communications regarding 'No Mow May' residents do not always understand why grass verges are now maintained in a different way. Consequently, residents complain to local councillors to get grass verges mown. The Council recognises that changing behaviour will take time and it will continue to address such issues through its communication activity.

The Council has worked hard to communicate and train both councillors and staff, and though understanding is developing well more detail is needed on what 'ecologically positive' means to the Council and how the ambitions influence everyone's daily work

8 In reaching this conclusion we found that:

- the Council has consulted with officers and councillors to gather ideas and seek feedback.
 - during the summer of 2020, the Council held virtual workshops with each service area to collect ideas for amending policies, projects, and processes to support the ambitions to become net carbon zero and ecologically positive. These workshops gave the Climate Change Manager the opportunity to share information with service teams about the work that she was overseeing. She gave a presentation at the start of each of these workshops which clearly explained the crisis and declaration of emergency, the two goals and their starting points, the timeline, and what the Council hoped to achieve. These workshops built on the ideas generated by the public during the January-February 2020 engagement events to help inform the draft strategy.

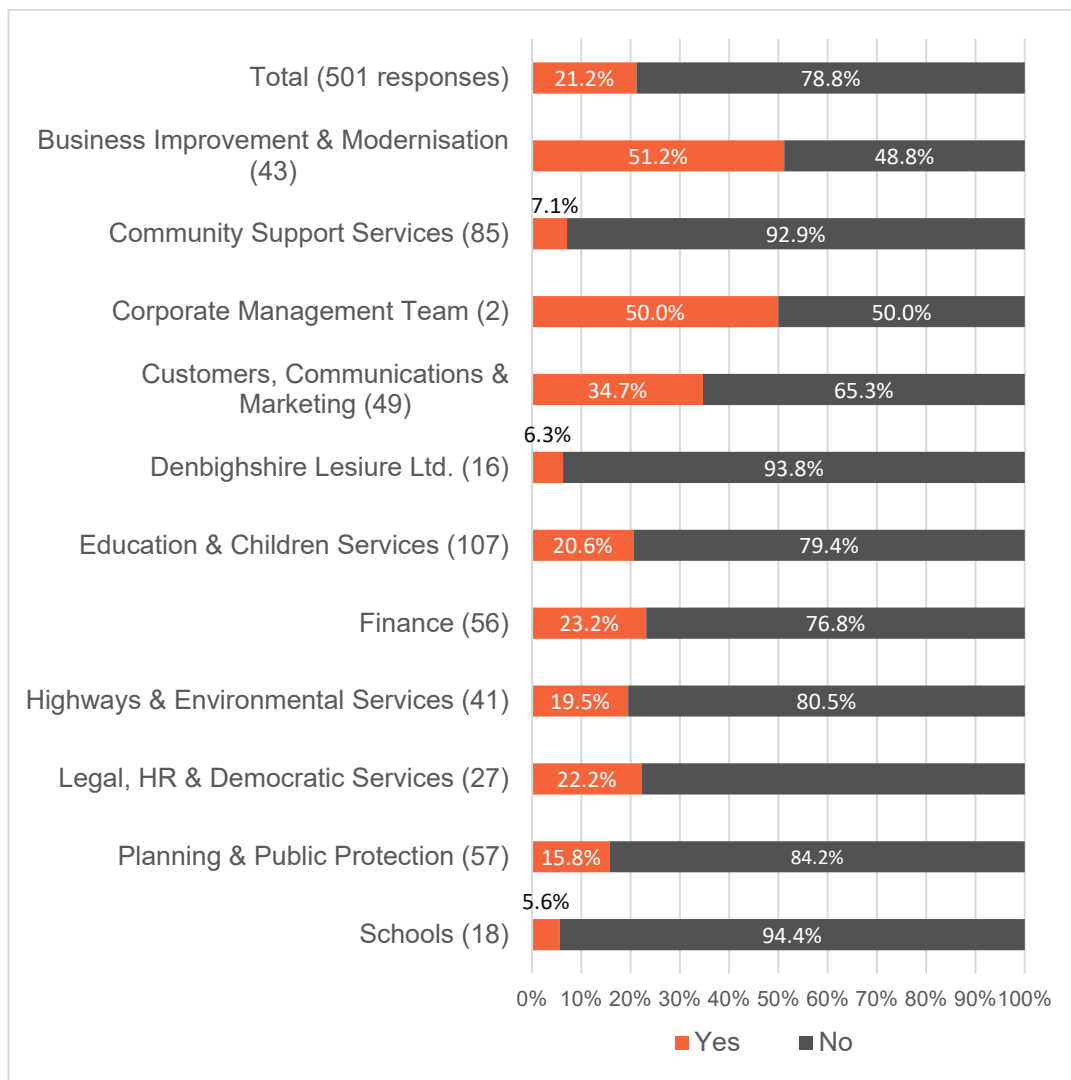
- all Council staff were invited to comment on the draft Strategy as part of the overall consultation exercise. The Climate Change Manager e-mailed all middle managers to encourage their teams to engage with the consultation.
- during September and October 2020, the Council collected ideas from councillors via discussions it held at each Member Area Group meeting.
- the Council has used a wide range of methods to communicate its ambitions.
 - the Council has created a series of Climate Change pages on its website, which it updates regularly. These pages provide access to the Strategy, clearly explain the issues of climate and ecological change, and describe in detail what the Council is doing to reduce the impacts.
 - the three main methods of communication quoted by employees in our survey were the ‘Denbighshire Today’ daily e-mails, the Linc New stories, and the Council website.
- the Council also plans to set up a Climate Advocacy Staff Group, but it has paused this work due to the COVID-19 pandemic. The Council believes the group would only be effective when staff are working in offices to cascade key messages and complete follow-up activity. The Council will review the need for this group as it implements its ‘New Way of Working’ approach.
- the Council has provided detailed training on carbon literacy to approximately 200 people and is now looking at replicating this training to cover the ecologically positive goal. There are opportunities to expand training further throughout the organisation:
 - the Council has provided carbon literacy training through the Association for Public Sector Excellence (APSE) for councillors, directors, heads of service, senior managers, and specifically identified key officers (eg Chairs of Governors in schools). The training has been well attended and has received positive feedback.
 - the Climate Change Manager is currently investigating a similar training solution for ecological literacy.
 - the Council is currently creating an e-learning module for those employees who did not attend the APSE course on carbon literacy. However, the Council does not have any current plans to develop ‘toolbox talks’ to cascade training on the two goals down through the organisation.
 - our survey told us that only 21% of the respondents had received training on the Council’s ambitions for the environment. When asked what training they had received, the vast majority of respondents replied, ‘APSE Carbon Literacy Training’. A small number of

respondents also mentioned presentations by officers involved in the delivery of the Climate and Ecological Change Programme.

- our work with the focus groups painted a positive picture on the training provided by the Council. Sixty-seven percent of all the delegates across all focus groups agreed with the statement, 'I have been trained on how to embed the Council's environmental ambitions in my work.'

Exhibit 3: survey responses to the question, 'Have you received training on the Council's ambitions for the environment?'

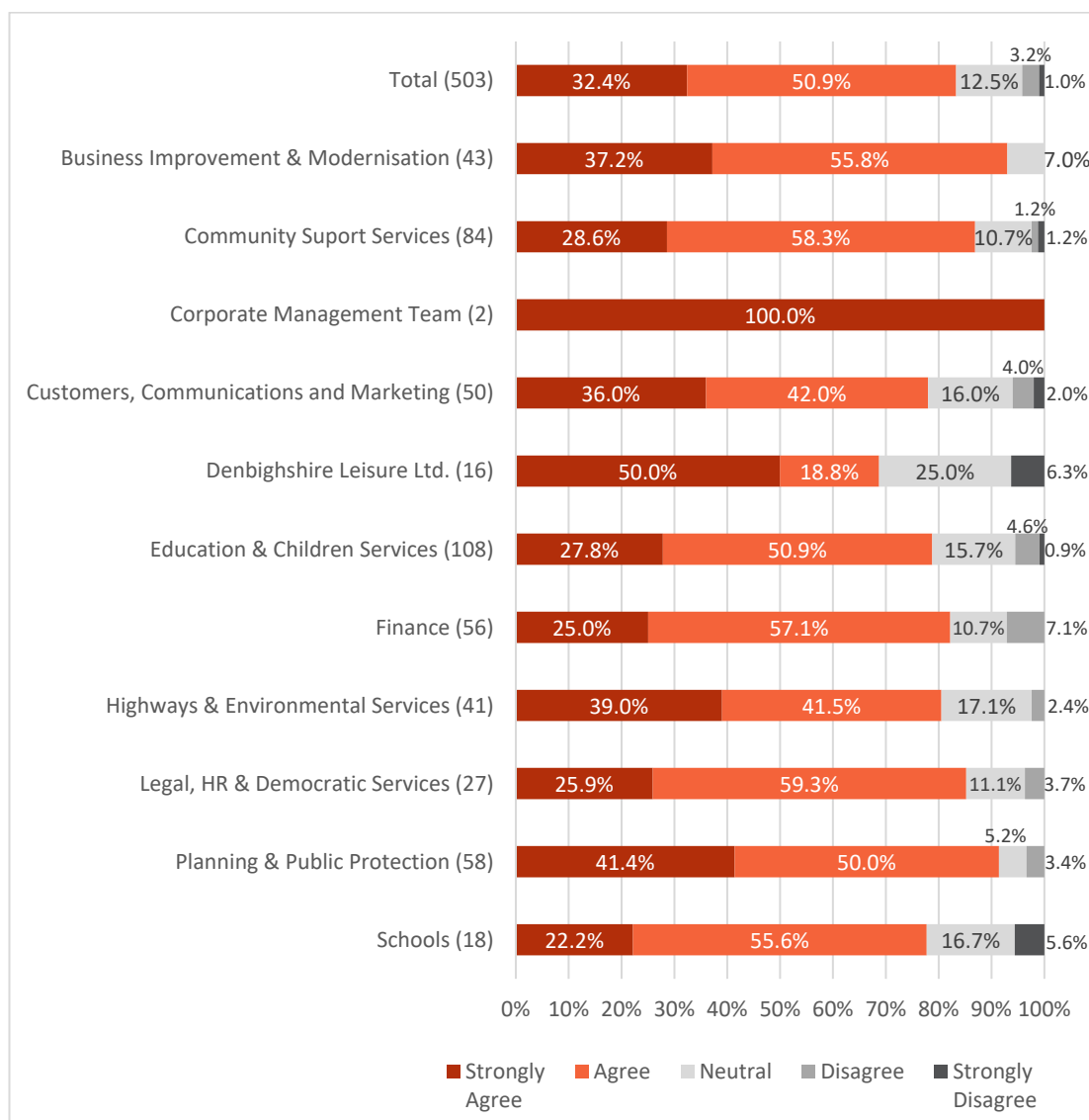
The chart below shows responses to our survey where we asked respondents to answer the question, 'Have you received training on the Council's ambitions for the environment?'. They were asked to choose from the following options: 'Yes' or 'No'.



- Our survey results showed low levels of training across all service areas.
- The Council has made people aware of its ambitions:
 - We asked survey respondents if they were aware of the Council's ambition to become a net carbon zero and ecologically positive organisation. We found 84% of all respondents were aware of the ambition.

Exhibit 4: Survey responses to the statement, ‘I understand the Council’s ambition to become a net carbon zero and ecologically positive organisation.’

The chart below shows responses to our survey where we asked respondents to say how much they agreed with the statement, ‘I understand the Council’s ambition to become a net carbon zero and ecologically positive organisation’. They were asked to choose from the following options: ‘Strongly agree’, ‘Agree’, ‘Neutral’, ‘Disagree’ or ‘Strongly disagree’.



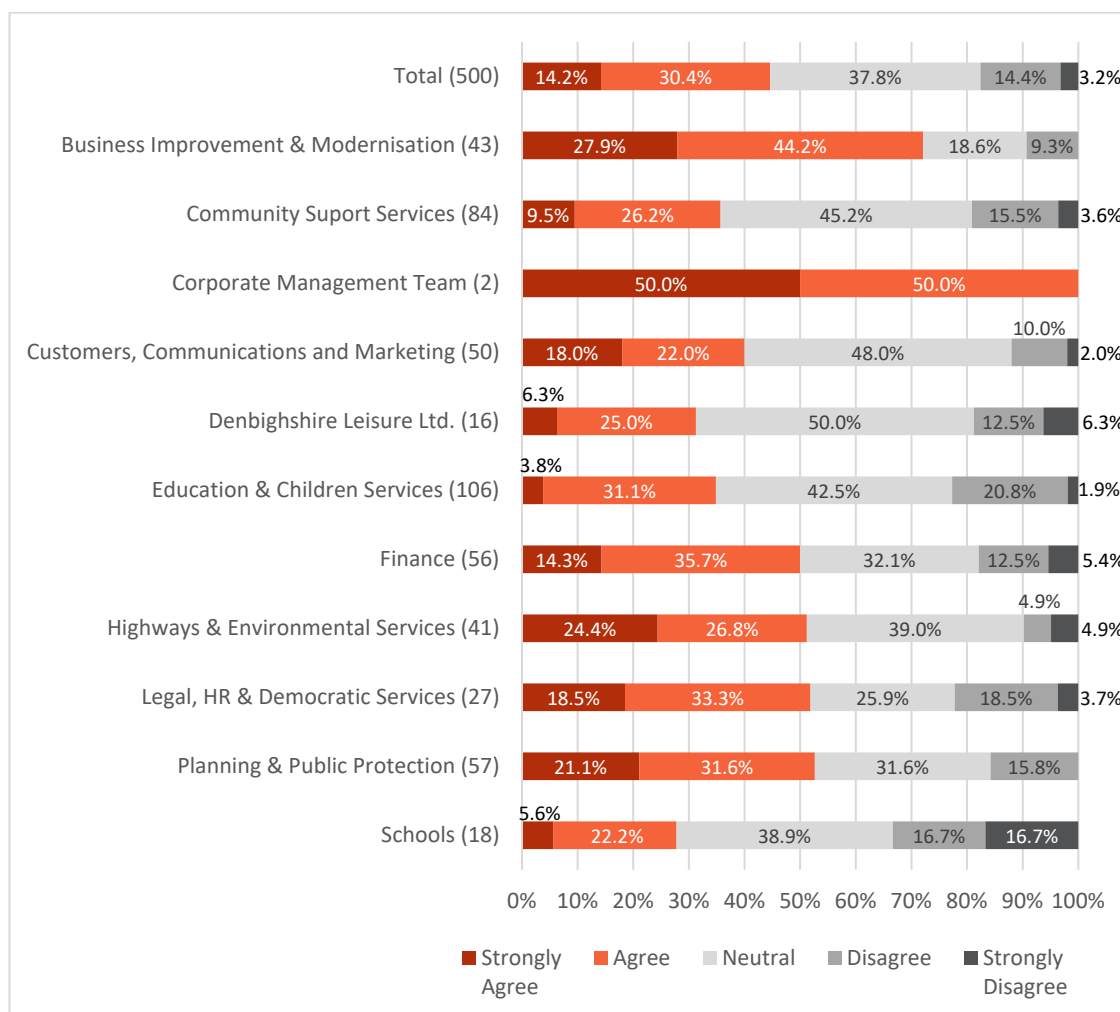
- Over 83% of all respondents agreed with the statement, ‘I understand the Council’s ambition to become a net carbon zero and ecologically positive organisation.’
- Our work with the focus groups told us that officers and councillors understood the Council’s ambitions. We asked the delegates in the focus groups to rate how well they understood the Council’s ambitions

for the environment on a scale of one (not at all) to six (very clearly). The average score across all of the focus groups was 4.55.

- However, whilst those who attended the focus groups were able to provide accurate definitions for the ‘net carbon zero goal’, they made very little reference to the ‘ecologically positive’ goal. This may reflect the earlier point that ‘ecologically positive’ (or biodiversity or species richness as defined by the Council) is a more difficult concept for people to understand. This may also be a result of the Council not yet providing training on this topic (it has provided training on carbon literacy). Being ecologically positive is also a newer concept within the Council than becoming net carbon zero.
- Despite being aware of and understanding the ambitions, there was a mixed picture regarding how clear people were on how the ambitions impact their daily work. The Council has recognised this issue and agrees there is further work to do in making this connection for the wider employee base.

Exhibit 5: Survey responses to the statement, 'I am clear how the Council's ambitions for the environment impact my work.'

The chart below shows responses to our survey where we asked respondents to say how much they agreed with the statement, 'I am clear how the Council's ambitions for the environment impact my work'. They were asked to choose from the following options: 'Strongly agree', 'Agree', 'Neutral', 'Disagree' or 'Strongly disagree'.

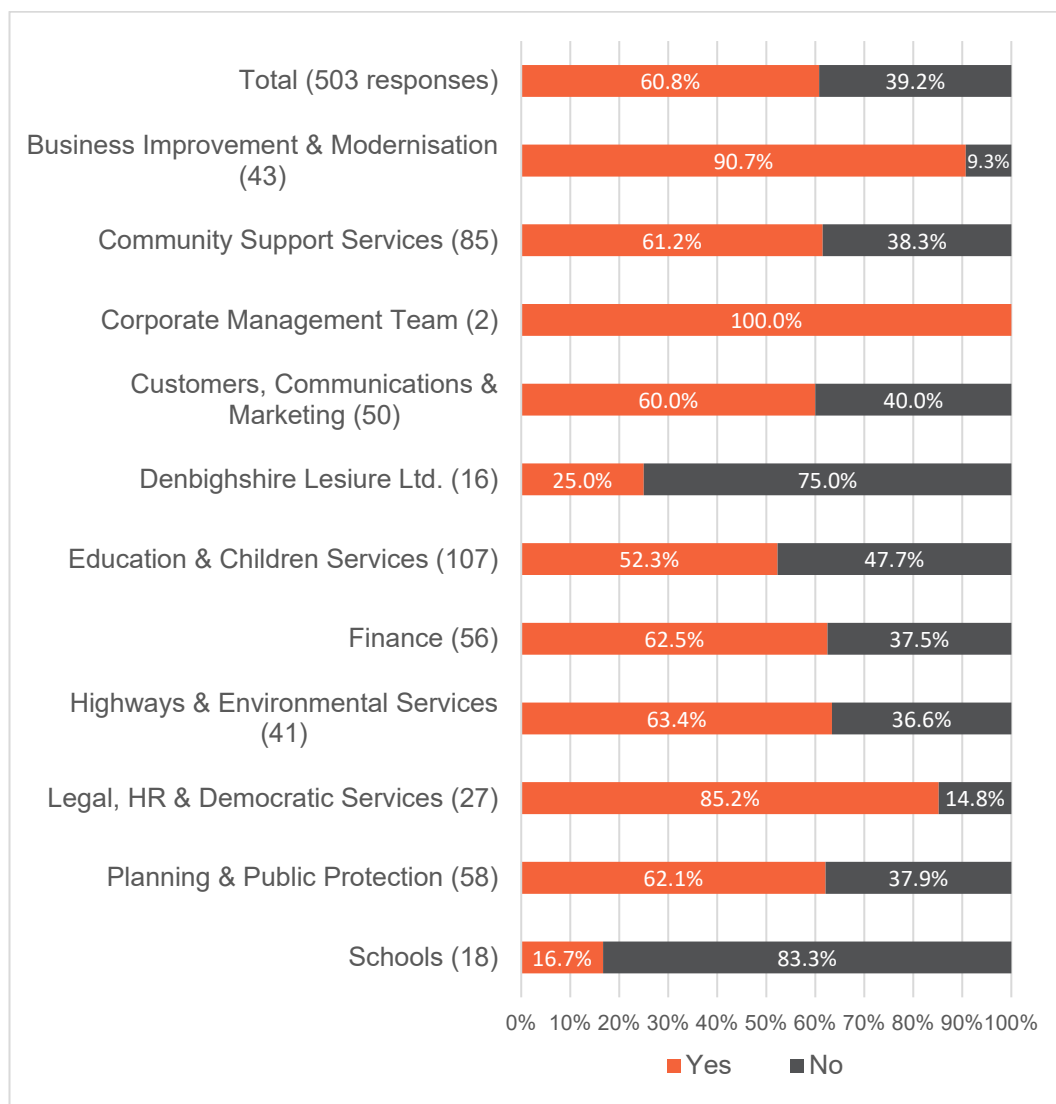


- Approximately 44% of all respondents agreed with the statement, 'I am clear on how the Council's ambitions for the environment impacts/affects my work.'
- In contrast to this, the focus groups told us they understood how the ambitions would impact their work. We asked the delegates to rate how well they understood how the Council's ambitions would impact their work on a scale of one (not at all) to six (very clearly). The average score across all of the focus groups was 4.68.

- The focus groups also spoke positively about guidance to help individuals understand how the ambitions would impact their work. Over 70% of the delegates across all focus groups agreed with the statement, 'There is clear guidance available to help me understand how the Council's environmental ambitions impact my work.'
- Our survey told us that approximately 61% of the respondents had seen or received information on the Council's ambitions for the environment.

Exhibit 6: survey responses to the question, 'Have you seen or received any information on the Council's ambitions for the environment?'

The chart below shows responses to our survey where we asked respondents to answer the question, 'Have you seen or received any information on the Council's ambitions for the environment?'. They were asked to choose from the following options: 'Yes' or 'No'.



- There were specific service areas who stated they had not seen or received any information. In particular, the following service areas reported lower levels of information provision – Schools; Denbighshire Leisure Limited; Education and Children Services; and Customers, Communications and Marketing.
- Our work with the focus groups told us that the majority of delegates thought the Council had communicated the ambition clearly. Over 85% of the delegates across all focus groups agreed with the statement, ‘There has been clear communication on the Council’s environmental ambition which explained everything I need to know.’

The Council has put baseline measures in place using an established performance framework, reporting over the next year will help the environmental ambitions to embed and the measures to evolve

9 In reaching this conclusion we found that:

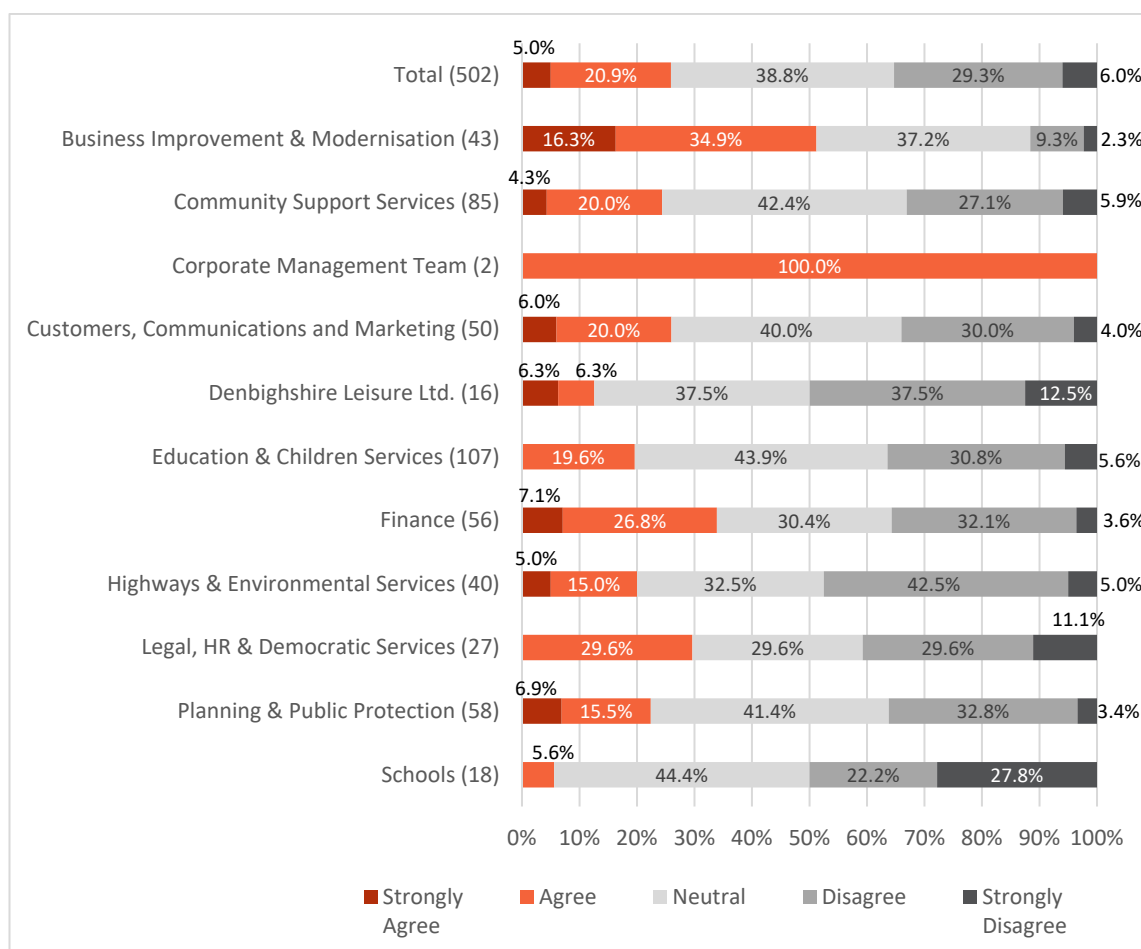
- in its Climate and Ecological Change Strategy 2021-22 to 2029-30, the Council clearly sets out the baseline data it has established for its net carbon zero and ecologically positive goals. The Strategy provides 2019-20 data as a baseline as this is the year of information available before the first year of strategy delivery in 2021-22.
- the Strategy clearly explains each goal and its starting point. It goes on to provide targets for Year 3, Year 6, and Year 9. The Council’s performance management report also contains annual figures to allow it to monitor progress.
- the Council has committed to completing a formal review of its Strategy every three years up to 2030. It has also stated it will review the targets in the Strategy as new technology comes along.
- the Council is using the established Welsh Government method for calculating and reporting on its carbon impact but had to create its own method for its ecologically positive goal. There was no common method to measure its ecology, but as the Council had assigned equal importance to its two climate change goals it has created its own methodology for measuring biodiversity (species richness).
- being ‘ecologically positive’ is a potentially difficult concept for people to understand, so the Council has focused on biodiversity, or species richness, and provided clear explanations of what this means in practice. Managers told us that other councils have been in contact with them to learn more about its innovative approach.
- every Service Business Plan for 2021-22 contains two performance measures on carbon emissions – carbon tonnage emitted by the service through business travel and carbon tonnage emitted through staff

commuting. The Council had initially included a third measure on the carbon tonnage emitted by the service through its supply chain, but experienced difficulties in obtaining this data at the service level. As a result, the performance measure for supply chain emissions will only be reported at a Council-wide level. The first year of reporting on these measures will be 2021-22 and the report is due by June each year.

- the Strategy explicitly outlines how the Council will monitor the progress of the goals.
 - the Corporate Plan Board will continue to meet quarterly and have oversight of the progress of the Strategy, until it disbands at the end of the Corporate Plan on 31 March 2022.
 - as the original work was a Council member initiative, the Council did not set up a Programme Board at the very start. It created a cross-party task and finish group supported by Council officers to finalise the goals and draft the Strategy.
 - the Council has since established a Programme Board for Climate and Ecological Change which first met on 14 June 2021. This Board will meet every six weeks to oversee the performance and delivery of the programme and its projects.
 - the Programme Board produces a quarterly highlight report for the Corporate Plan Board.
 - the Programme Board receives and reviews a highlight report from the Climate Change Manager on the performance of each workstream (financial standing, RAG-rated performance indicators, expected activity, and risks and issues).
 - in its first meeting in June 2021, the Programme Board identified workstream leads for all the projects and tasked them with keeping a track of progress and highlighting any projects that will not meet deadlines and/or targets.
- to monitor performance, the Council has uploaded all of the actions from the Strategy onto its performance management system. The Climate Change Manager will review progress against the actions when the Council produces the Quarter 1 2021-22 performance report for the first time in August 2021.
- our survey told us there was a mixed understanding of how the Council would monitor progress.

Exhibit 7: survey responses to the statement, 'I am clear on how the Council will measure performance in achieving its ambitions for the environment.'

The chart below shows responses to our survey where we asked respondents to say how much they agreed with the statement, 'I am clear on how the Council will measure performance in achieving its ambitions for the environment'. They were asked to choose from the following options: 'Strongly agree', 'Agree', 'Neutral', 'Disagree' or 'Strongly disagree'.



- Approximately 26% of respondents agreed with the statement. Over 35% of respondents disagreed with the statement.
- The focus groups also told us the majority of delegates thought the Council had created a reporting framework with performance targets in place. However, the same work told us there was a mixed understanding of how progress would be measured and monitored:
 - 64% of the delegates across all of our focus groups agreed with the statement, 'There are clear performance measures in place to show how the Council's ambitions for the environment are progressing'. 18% disagreed with the statement and a further 18% selected the 'Don't Know' option.

- 59% of the delegates across all of our focus groups agreed with the statement, ‘There is a clear reporting framework in place for the Council’s environmental ambitions and its actions.’ 17% disagreed and 24% selected the ‘Don’t Know’ option.
- The lack of awareness may be due to lack of communication about how performance will be monitored or may be because the first round of results for Quarter 1 2021-22 has not been published yet. The Climate Change Manager told us she plans to closely review the Quarter 1 results as soon as they become available in August-September 2021.
- In addition to its net carbon zero goal, the Council has a further target to reduce the total carbon emitted from its supply chain by 35% (from its 2019-20 baseline) by 31 March 2030. The aim is to reduce the carbon emitted from the supply chain by supporting local suppliers to be low carbon, whilst maximising local community benefits. To deliver this, the officers leading on the Climate and Ecological Change Programme are working with the Council’s Procurement Team to develop a new Procurement Strategy which considers climate change and helps get suppliers in a position to reduce their carbon footprints. Further work includes amending the tender evaluation process; providing guidance, workshops, and case study examples to suppliers; reviewing the Council’s purchasing rules; and training procurement officers.
- The Council is aware of limitations with the current data collection method but believes it is more important to have a measure in place and take action, than to spend time perfecting the approach. For example:
 - There is no agreed methodology for monitoring carbon sequestration on a tree-by-tree level. The Welsh Government methodology works on a habitat-by-habitat basis where one large tree on an estate would not be counted.
 - The Council manages several specific habitats to support and conserve rare species. These habitats are managed in a focused way to support the rare species. These habitats may support a lower species diversity than other more common habitats, but the plant and animal communities which they do support are often rare and specialised and can be found nowhere else in Denbighshire.



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

Management response

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Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
R1	<p>Embed the ambition further – evaluate assigned resources</p> <p>Review the assigned resources for the delivery of the Climate and Ecological Change Strategy 2021-22 to 2029-30:</p>	<p>Clarity over the resources needed to deliver the Councils environmental ambitions</p>	Yes	See below R1.1, 1.2 & 1.3	See below R1.1, 1.2 & 1.3	See below R1.1, 1.2 & 1.3

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
R1.1	Amend the wording in the financial section of the Strategy to clarify the total estimated costs to 2030.	Clarity over the resources needed to deliver the Councils environmental ambitions	Yes	<p>Wording on page 45 of strategy will be changed to:</p> <p><i>To deliver this strategy over the next 3 years (2021/22 – 2023/24) we think it will cost in at least £9 million pounds in total to deliver the projects needed to achieve all that we'd like. We suspect we will need to invest a similar figure every 3 years (2024/25 – 2026/27 & 2027/28- 2029/30) leading up to 2030.</i></p> <p>Revised version will be uploaded onto Council website in Welsh and English.</p>	31 st January 2022	Andrew Cutts

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
R1.2	Review the identified funding requirements against the performance to indicate if sufficient money has been assigned to the Strategy.	Clarity over the resources needed to deliver the Councils environmental ambitions	Yes	<p>Appraisal has been completed for 2021/22 and 2022/23 and the following recommendation approved at Budget Board and Cabinet Briefing:</p> <ul style="list-style-type: none"> - to adjusted annual revenue pressure entered into the Medium Term Financial Plan for years 3 and 4 (2023/24 and 2024/25) of Climate and Ecological Change Strategy delivery to fund Net Carbon Zero and Ecologically Positive activity. 	<p>Completed for 2022/23.</p> <p>Annual review during the budget process each year.</p>	Andrew Cutts whilst Helen Vaughan-Evans on Mat Leave (Helen Vaughan-Evans thereafter) & Steve Gadd

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<p>This is due to the forecast from the appraisal being that the current level of annual investment isn't generating the level of carbon saving or carbon sequestration that is required in order for the Council to meet its Net Carbon Zero goal. Thus more will need to be done in future years.</p> <p>Note: budgets can only be set and approved annually in Local Government.</p>		

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
R1.3	Produce a workforce plan for the Climate and Ecological Change Programme to identify roles and areas of responsibility that may be under resourced.	Clarity over the resources needed to deliver the Council's environmental ambitions	Yes	<p>Completed for 2022/23 and costs of an additional 5.5 FTE entered into draft Council budget.</p> <p>Additional request for staff possible in 2023/24 for the following workstreams in order to support the Council achieving its Net Carbon Zero and Ecologically Positive goals: Land Use-Sequestration, Land Use-Biodiversity.</p> <p>A workforce plan for the Programme will be completed following the completion of the Council's overall workforce plan scheduled to be delivered by end of</p>	<p>31st March 2022</p> <p>Annual review during the budget process each year.</p>	Andrew Cutts whilst Helen Vaughan-Evans on Mat Leave (Helen Vaughan-Evans thereafter) & Alan Smith

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				December. This will cover the remaining period of the strategy 2022/23 – 2029/30, look at data available of the current staff working on the programme, assess the capacity and capability needs now and likely to need in the future through horizon scanning the agenda to ensure we have the right people, in the right roles at the right time to deliver the 2030 goals.		
R2	Communication with citizens – formally analyse key stakeholders and partners	Clarity around key partnerships needed to deliver the Council's	Yes	See below R2.1, 2.2	See below R2.1, 2.2	See below R2.1, 2.2

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
	Complete key analyses to identify key resources in the delivery of the Climate and Ecological Change Strategy 2021-22 to 2029-30:	environmental ambitions				
R2.1	Undertake a formal analysis of existing and potential partners.	Clarity around key partnerships needed to deliver the Council's environmental ambitions	Yes	Process underway and will be completed by end of March. The mix of partnerships will change over the strategy period and a level of horizon scanning will be carried out to highlight potential partnerships we wish to develop in the future.	31 st March 2022 Annual review thereafter.	Andrew Cutts whilst Helen Vaughan-Evans on Mat Leave (Helen Vaughan-Evans thereafter) & Alan Smith

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
R2.2	Undertake the stakeholder mapping exercise in the Communications Plan.	Clarity around key partnerships needed to deliver the Council's environmental ambitions	Yes	Process underway and will be completed by end of March. It should be noted that this is a live activity and will be reviewed at least annually thereafter.	31 st March 2022 Annual review thereafter.	Liz Wilcox Jones & Sian Owen
R3	Communication with councillors and officers – further improve awareness of the environmental ambitions	Better understanding of what people need to do differently to deliver the Council's environmental ambitions	Yes	See below R3.1	See below R3.1	See below R3.1

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
R3.1	Review with service areas how they can clarify the impact of the environmental ambitions on their workforce's daily work.	Better understanding of what people need to do differently to deliver the Council's environmental ambitions	Yes	<p>This will be delivered via delivery of whole service workshops to every service in the Council over calendar year 2022.</p> <p>The workshop has been written and trialled with the Community and Customer Service in October 2021 with great feedback and impact. For example one suggested action generated during the workshop has already been completed by a team (partnering with police to reuse reprocessed bikes-giving the bikes to those seeking employment so they can get to work/ interviews).</p>	Christmas 2022	Andrew Cutts whilst Helen Vaughan-Evans on Mat Leave (Helen Vaughan-Evans thereafter), Jane Hodgson & Liz Wilcox-Jones

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				A version of the workshop needs to be produced for those frontline staff who are unable to come or join a virtual/non virtual workshop. This is particularly relevant for the Highways and Environmental Service and Community Support Service.		
R4	Review the findings from the employee survey and focus group work to understand how best to raise awareness of the environmental ambitions across the Council:	Targeted actions based on the findings from the staff survey	Yes	See below R4.1, 4.2, 4.3, 4.4	See below R4.1, 4.2, 4.3, 4.4	See below R4.1, 4.2, 4.3, 4.4

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
R4.1	Reinforce the ecologically positive goal alongside the net carbon zero goal.	Targeted actions based on the findings from the staff survey	Yes	<p>This will be an ongoing action for the Climate and Ecological Change Programme Operational Board, led by the Programme Sponsor and Climate Change Team working with Corporate Communication Team.</p> <p>This will be done through the various internal and external communication methods as listed in the Programmes Communication Plan.</p> <p>1.5 FTE dedicated staff within Corporate Communications team working on this agenda likely from 1st April 2022</p>	Ongoing	Andrew Cutts whilst Helen Vaughan-Evans on Mat Leave (Helen Vaughan-Evans thereafter) & Alan Smith

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				which will assist with this action.		
R4.2	Follow up on the service areas that reported low levels of awareness and not seeing guidance on the environmental ambitions.	Targeted actions based on the findings from the staff survey	Yes	<p>Paper and discussion at SLT on the survey results completed- 16th September 2021.</p> <p>Services reporting they were not aware of the environmental ambitions according to the survey results were as follows:</p> <ul style="list-style-type: none"> - Schools (38.9%) - Denbighshire Leisure Ltd (31.3%) 	<p>Plan by 31st January 2022.</p> <p>Delivery over calendar year 2022.</p> <p>Annual review thereafter.</p>	Andrew Cutts whilst Helen Vaughan-Evans on Mat Leave (Helen Vaughan-Evans thereafter) & Alan Smith

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<ul style="list-style-type: none"> - Education and Children's Services (27.8%) <p>Services reporting not seeing guidance on environmental ambitions according to the survey results were as follows:</p> <ul style="list-style-type: none"> - Schools (83.3%) - Denbighshire Leisure Ltd (75%) - Education and Children's Services (47.7%) <p>Schools</p> <ul style="list-style-type: none"> - Programme Sponsor and Programme Manager meeting 		

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<p>with Head of Education Services and Chair of the Headteacher's Forum where these results will be discussed and an approach/ set of actions agreed for increasing awareness</p> <ul style="list-style-type: none"> - Delivery of those actions throughout 2022. <p>Note: Schools are a devolved entity to the Council in terms of budget and management.</p> <p>Denbighshire Leisure Limited</p> <ul style="list-style-type: none"> - Climate and Ecological Change Programme on 		

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<p>agenda for the Operational Board (Board between Council and arm's length company DLL) on November 22nd where these results will be discussed and an approach/ set of actions agreed for increasing awareness</p> <ul style="list-style-type: none">- Delivery of those actions throughout 2022. <p>Note: DLL are a wholly owned arm's length company to the Council.</p> <p>Education and Children's Services</p>		

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<ul style="list-style-type: none">- Programme Sponsor and Programme Manager meeting with Joint Heads of Education and Children's Services where these results will be discussed and an approach/ set of actions agreed for increasing awareness- Workshop action mentioned in R3.1 will be completed with this Service area early on in 2022.		

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
R4.3	Produce and communicate a plan to roll out training as wide as possible through the organisation on carbon literacy.	Targeted actions based on the findings from the staff survey	Yes	<p>Plan completed and as follows:</p> <ul style="list-style-type: none"> - Plug training gaps for the 1 day accredited Carbon Literacy training for members of SLT and Councillor. <ul style="list-style-type: none"> o i.e. SLT members who missed out in Feb/Mar 2021 (by 31st March 2022- ref: corporate risk mitigation) o New SLT members as and when 	<p>Plan Completed</p> <p>Toolbox talk version- by 31st March 2022</p> <p>Ongoing Delivery annually</p>	Andrew Cutts whilst Helen Vaughan-Evans on Mat Leave (Helen Vaughan-Evans thereafter)

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<p>(note: 2 SLT members retiring in next 6 months)</p> <ul style="list-style-type: none">o Post elections in May 2022, offer course to new councillor and returning councillors who missed out in Feb/Mar 2021.- Continue to publicise and encourage staff to complete the 'Introduction to		

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<p>Climate Change' e learning module through HR Business Partners and statistic reporting</p> <ul style="list-style-type: none">- Create a tool box talk version of the 'Introduction to Climate Change' training to deliver to front line staff in Highways and Environmental Service and Community Support Service. <p>This was discussed at SLT on 16th September.</p>		

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				Delivery on training plan ongoing.		
R4.4	Produce and communicate a plan to develop training on the ecological literacy.	Targeted actions based on the findings from the staff survey	Yes	<p>Plan completed and as follows:</p> <ul style="list-style-type: none"> - Procure supplier for 1-day Ecological Literacy Training (e.g. Nature Wise) to be delivered virtually in house to SLT, Councillors, Middle Managers and Project Managers (up to 250 learners depending on cost) - Procure supplier for creation of a 'Introduction to 	<p>Plan Completed</p> <p>Delivery of assets (1-day course and e-learn)- 31st March 2022</p> <p>Ongoing Delivery annually</p>	Andrew Cutts whilst Helen Vaughan-Evans on Mat Leave (Helen Vaughan-Evans thereafter) & Liz Wilcox-Jones

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<p>Nature Decline/Recovery' e learn and launch for all staff</p> <ul style="list-style-type: none">- Create a tool box talk version of the 'Introduction to Nature Decline/Recovery' training to deliver to front line staff in Highways and Environmental Service and Community Support Service. <p>This was discussed at SLT on 16th September.</p>		

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Report to	Corporate Governance Committee
Date of meeting	26 th January 2022
Lead Member / Officer	Julian Thompson Hill
Report author	Steve Gadd, Head of Finance and Property
Title	Update on Planning for Statement of Accounts 2021/22

1. What is the report about?

The council has a statutory duty to produce a statement of accounts that complies with approved accounting standards. This report provides an update on the planning and timing of the Statement of Accounts 2021/22.

2. What is the reason for making this report?

The Governance and Audit Committee has delegated responsibility to approve the audited accounts. This report reiterates the issues experienced last year and the implications that is having on the plans going forward to ensure the final accounts are approved by the committee in a timely manner.

3. What are the Recommendations?

3.1 To note the update on planning to ensure the timely completion of the Statement of Accounts 2021/22.

3.2 To agree to amend the committee's forward work programme to consider the Draft Statement of Accounts at the meeting on 27 July and to receive the Final Statement of Accounts and Audit Wales audit report at the meeting on 21 September.

4. Report details

Last year the Welsh Government again issued guidance that due to the ongoing impact of Covid the statutory deadlines for the completion of the Draft and Audited accounts would be extended as set out in the table below. DCC took the early decision to issue a notice to say that we would not be aiming for the statutory early deadline but would achieve the revised deadlines. This decision was taken in consultation with AW and informed by their assessment of their ability to complete the required audit work. We recognised that this would be a challenging year for all concerned to ensure all the information was available on time.

Item	Statutory Deadline	Extended Deadline
Draft Statement of Accounts	31 May 2021	31 August 2021
Audited Statement of Accounts	31 July 2021	30 November 2021

We worked closely with Audit Wales and other DCC services to reach a position where we were able to present a final set of accounts to the November meeting. However it was stressed at that meeting the impact of the delay on the work of the finance team:

- Firstly, the delay has meant that we have not had time to correct misstatements that we would normally have – these corrections will be made for next year’s accounts.
- Secondly, in a usual year the focus and energy of the Capital and Technical team from September turn to strategic capital planning, budget setting, addressing Internal Audit recommendations and planning for next year’s closure of accounts processes. All these activities have been put on hold for 3 additional months and will have an impact on service delivery going forwards.

It was also promised at that meeting that we would bring a report to this meeting to set out our plans for ensuring that the 2021/22 Statement of Accounts are completed in a timely fashion. Planning meetings have been held in December both internally and with Audit Wales. Those discussions have led to the proposal that we make an early decision that we will not be able to meet the Statutory Deadlines of 31 May and 31 July (which we have

never yet met) but that we will endeavour to ensure that we consolidate processes and aim to meet the traditional deadlines as set out in the table below:

Wednesday 15 June	Draft Single entity accounts completed
Friday 24 June	Draft Group accounts ready for signature
Wednesday 27 July	Draft Accounts to Governance & Audit Committee
Wednesday 21 September	Audited Final Accounts to Governance & Audit Committee

Unless the formal regulations change we will again need to issue a notice nearer the time to set out the proposed timetable and explain the reasons for not meeting the statutory deadlines. The main reasons are:

- The extended delay to completing the work on the 2020/21 Statement of Accounts has impacted the ability to plan and make further improvements to processes to allow us to honestly plan for completion of Draft Account by 31 May
- Discussions with Audit Wales have indicated that, even if that was a possibility, it is very unlikely that they would have resources available to ensure that a final audited set of accounts would be complete for presentation at the July meeting of this committee

As noted above this position has been discussed and agreed with Audit Wales.

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

The publication of the Statement of Accounts underpins the financial stewardship and governance of the council and therefore supports all council services and priorities.

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

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

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

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?

The council's procedures and processes underpinning the production of the accounts are regularly reviewed by the Audit Wales. Professional opinions are drawn from numerous other disciplines beyond finance, such as legal, property valuation, HR and pensions.

9. Chief Finance Officer Statement

The Statement of Accounts is a key element of the council's governance framework. It is important that elected members are assured that the accounts have been produced in compliance with the relevant standards and that the process underpinning the production of the accounts is robust. The new proposed deadlines allow us to complete the Statement of Account process in a timely fashion while also ensuring that quality and accuracy is maintained.

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

The council would be in breach of its statutory duty if it could not approve the accounts by 30th November.

11. Power to make the decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. The Appointed Auditor is required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the council and must be satisfied that the accounts have been completed in compliance with the Accounts and Audit (Wales) Regulations 2018.

Report to	Governance and Audit Committee
Date of meeting	26 January 2022
Lead Member / Officer	Julian Thompson Hill
Report author	Steve Gadd, Head of Finance & Property
Title	1. Treasury Management Strategy Statement (TMSS) 2022/23 and Prudential Indicators 2022/23 to 2024/25 (Appendix 1) 2. Treasury Management (TM) Update Report 2021/22 (Appendix 2)

1 What is the report about?

- 1.1 The TMSS (Appendix 1) shows how the Council will manage its investments and its borrowing for the coming year and sets the policies within which the TM function operates. The TM Update Report (Appendix 2) provides details of the Council's TM activities during 2021/22.

2 What is the reason for making this report?

- 2.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") requires the Council to approve the TMSS and Prudential Indicators annually. The Governance and Audit Committee is required to review this report before it is approved by Council on 22 February 2022. Furthermore, part of the Committee's role is to receive an update on the TM activities twice a year.

3 What are the Recommendations?

- 3.1 That the Committee reviews the TMSS for 2022/23 and the Prudential Indicators for

2022/23, 2023/24 and 2024/25 (Appendix 1).

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

4 Report details

Background

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

When investing, the Council's priorities are to:

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

TMSS 2022/23

- 4.3 The TMSS for 2022/23 is set out in Appendix 1. This report includes TM Prudential Indicators which set limits on the Council's TM activity as shown in Appendix 1 Annex A.

Capital Prudential Indicators

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

Estimates of Capital Expenditure and Financing

Ratio of Financing Costs to Net Revenue Stream

Capital Financing Requirement

Authorised Limit and Operational Boundary for External Debt

5 How does the decision contribute to the Corporate Priorities?

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

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

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

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

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

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

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

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

9 Chief Finance Officer Statement

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

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

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

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

11 Power to make the Decision

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

Denbighshire County Council

**Treasury Management Strategy Statement
and Investment Strategy 2022/23 to 2024/25**

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Annexes

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

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

1 Background

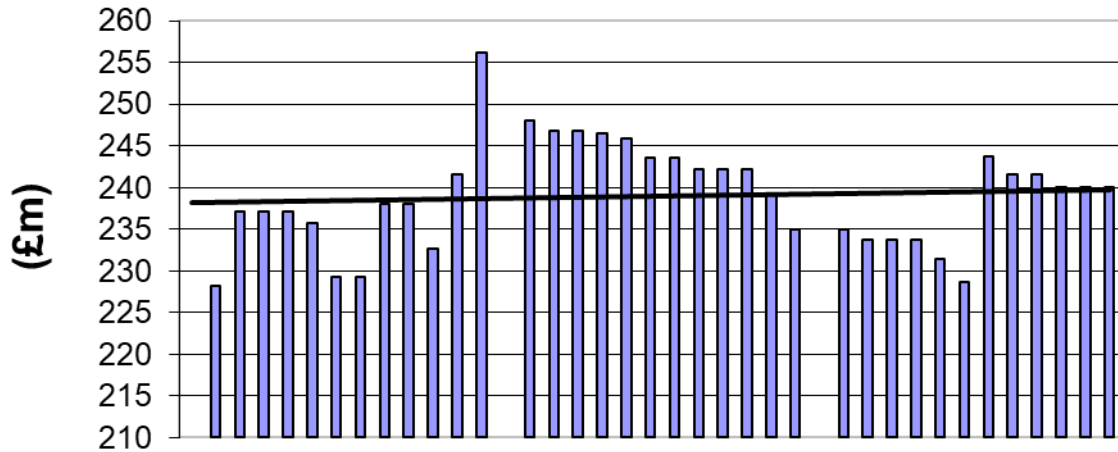
- 1.1 The Council is responsible for its Treasury Management decisions and activity which involves looking after the Council's cash. This is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 1.2 The 2017 CIPFA Code of Practice on Treasury Management requires the Authority to approve a treasury management strategy statement (TMSS) before the start of each financial year.
- 1.3 In December 2021, CIPFA published its revised Prudential Code and Treasury Management Code of Practice. The accompanying guidance notes, which include the Treasury Management Prudential Indicators, have yet to be published. CIPFA will allow authorities to defer introducing the revised reporting requirements until the 2023/24 financial year.
- 1.4 In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. It also requires the Authority to include details of investments and loans which are not held for Treasury Management purposes. Following a review, the Authority has concluded that it doesn't have any non-Treasury related arrangements which fall within the scope of this guidance.
- 1.5 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.6 The purpose of the TMSS is to set the:
 - Treasury Management Strategy for 2022/23
 - Annual Investment Strategy for 2022/23
 - Prudential Indicators for 2022/23, 2023/24 and 2024/25 (Annex A)
 - Minimum Revenue Provision (MRP) Statement

2 Treasury Position

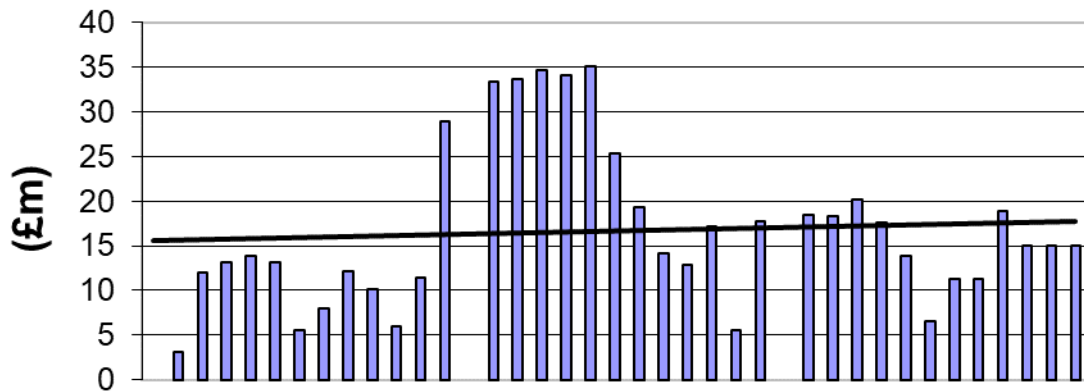
- 2.1 The levels of the Council's borrowing and investment balances over the last three years are shown in the graphs below. The first chart shows the Council's borrowing has increased over this period because the Council has been borrowing to fund its capital plan either from the Public Works Loan Board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

**Treasury Management Strategy Statement
and Investment Strategy 2022/23 to 2024/25**

Borrowing Balances (2019/20 - 2021/22)



Investment Balances (2019/20 - 2021/22)



3 Treasury Investment Strategy

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

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

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

Table 1: Treasury Investment Counterparties and Limits

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

*** Minimum Credit Rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

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

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

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

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

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

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

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

Real Estate Investment Trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

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

- 3.4 Natwest is the Council's banker and will continue to be used for operational and liquidity purposes by transferring cash in and out of the instant access account as required even if its credit rating falls below A-.
- 3.5 For a group of banks under the same ownership, the banking group limit is equal to the individual bank limit.
- 3.6 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 3.7 The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices (the cost of banks insuring themselves against default), financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 3.8 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**Treasury Management Strategy Statement
and Investment Strategy 2022/23 to 2024/25**

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

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

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

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

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

Table 3: Non-Specified Investment Limits

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

4 Borrowing Strategy

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

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

- 4.2 At the same time, the Council will also continue to monitor its cash position and interest rate levels to ensure that further long term borrowing is undertaken at the optimal time to fund on-going Capital commitments.
- 4.3 The approved sources of borrowing are listed below:
- PWLB and any successor body
 - any institution approved for investments
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Clwyd Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

5 Debt Rescheduling

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

6 Minimum Revenue Provision (MRP) Statement

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

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

6.5 MRP Statement

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

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

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

- 6.6 MRP on housing assets funded through Prudential Borrowing is charged at 5% of the HRA's CFR. MRP on all other items such as new builds are charged at 2% of the HRA's CFR.

7 Reporting Treasury Management Activity

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

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

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

8 Other items

8.1 Investment Training

8.1.1 Member Training

The CIPFA Code of Practice on Treasury Management requires the Section 151 Officer to ensure that all members tasked with treasury management

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

responsibilities, including scrutiny of the treasury management function, understand fully their roles and responsibilities. The last Treasury Management training session for members was given on 20 November 2019. Member training requirements will be reviewed as part of the preparations for the new Council after the May elections.

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

8.1.2 Staff Training

Staff attend training courses, seminars and conferences provided by Arlingclose and CIPFA. There is a team of three members of staff who cover TM duties on a rota basis to ensure that their knowledge is kept up to date. These members of staff are also members of professional accountancy bodies including the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Accounting Technicians (AAT). The operational processes which staff must follow are shown within the Treasury Management Practices (TMPs) which have been updated recently. Since the start of the COVID-19 pandemic, staff have been accessing the Council's TM systems through the Council's remote access system from home. The same processes are followed but a paperless system is now used which involves maintaining the same documentation in PDF format with electronic signatures.

8.2 Treasury Management Advisers

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

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

The Council maintains the quality of the service with its advisers by holding quarterly strategy meetings and tendering every 5 years. The strategy meetings have been held on line since the beginning of the COVID-19 pandemic. Following a tendering exercise at the end of 2018, the contract was renewed with Arlingclose from 01 January 2019 for three years with an option to extend for a further two year period. The contract was reviewed at the end of 2021 and extended for a further two year period as the Council was satisfied with the service received.

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

8.3 Markets in Financial Instruments Directive (MIFID)

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

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

8.4 Investment of Money Borrowed in Advance of Need

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

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

8.5 Policy on Use of Financial Derivatives

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

Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

8.6 Housing Revenue Account (HRA)

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

**Treasury Management Strategy Statement
and Investment Strategy 2022/23 to 2024/25**

ANNEX A

PRUDENTIAL INDICATORS 2022/23 TO 2024/25

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

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

	2021/22 Approved %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100
Upper Limit for Variable Rate Exposure	40	40	40	40

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

2 Maturity Structure of Fixed Rate borrowing

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

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and Investment Strategy 2022/23 to 2024/25**

Maturity structure of fixed rate borrowing	Actual %	Lower Limit %	Upper Limit %
under 12 months	3.61	0	30
12 months and within 24 months	3.58	0	30
24 months and within 5 years	10.11	0	30
5 years and within 10 years	14.15	0	30
10 years and above	68.55	50	100

3 Credit Risk

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

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

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

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

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

4 Upper Limit for total principal sums invested over 1 year

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

Upper Limit for total principal sums invested over 1 year	2021/22 Approved £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
	10.00	10.00	10.00	10.00

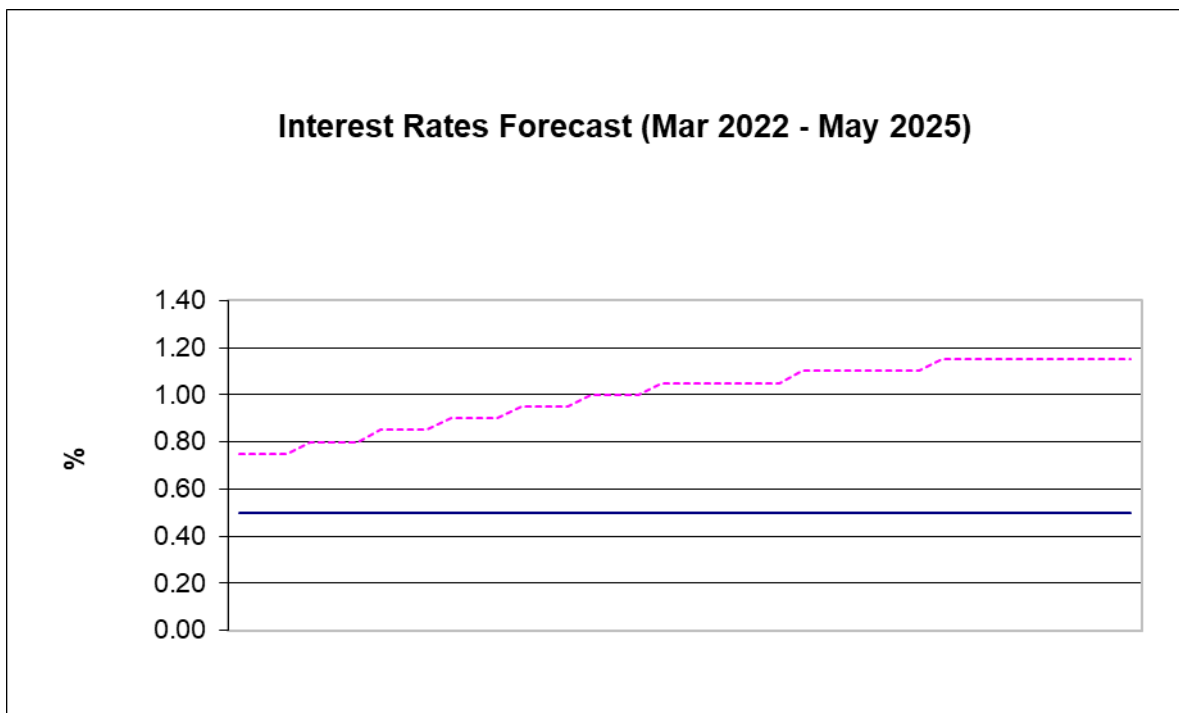
Treasury Management Strategy Statement and Investment Strategy 2022/23 to 2024/25

ANNEX B

INTEREST RATES FORECAST

The graph below shows the interest rate forecast for the Official UK Bank Rate and the 50 year GILT rate from March 2022 to May 2025. The Official Bank Rate influences the rate at which the Council can invest. The GILT rate is the rate at which the Government borrows money and therefore this affects the rate at which the Council can borrow from the PWLB which is approximately 1% above GILT rates.

As the graph shows, it's much more expensive to borrow than to invest at the moment with the Official UK Bank Rate expected to remain fairly constant over the period. The graph illustrates that the difference between investment and borrowing rates is approximately 1.5%.



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

**Treasury Management Strategy Statement
and Investment Strategy 2022/23 to 2024/25**

ANNEX C

GLOSSARY - Useful guide to Treasury Management Terms and Acronyms

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

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

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Treasury Management (TM) Update Report

1 Changes in the external environment

Economic Outlook

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

2 Investment Strategy

- 2.1 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council has placed a far greater emphasis on investing with the UK Government's Debt Management Office (DMO) in order to minimise these risks. The majority of our investment cash is therefore placed with the DMO on a short term basis to meet monthly outgoings and the remainder with two instant access call accounts up to a maximum limit of £3m with each.
- 2.2 Although the Council's current cash flow position remains healthy, the position is reviewed constantly with a view to undertake further temporary borrowing if required later in the year as the level of our investment cash decreases.

3 Borrowing Strategy

- 3.1 The Council currently has 6 temporary loans from other local authorities for £30m in total over periods up to 1 year. This total is made up of £5m which is repayable in February, £3m in May, £15m in October and £7m in November. At that time, the Council will review its cash flow position and will either repay those loans or continue the loans for a further period if the cash is required. Local authority loans remain a readily available source of cash at historically low rates so the Council will therefore continue to undertake temporary borrowing from other local authorities in the future as required to cover short-term cash flow requirements.
- 3.2 Although the Council hasn't borrowed from the Public Works Loan Board (PWLB) since March 2020, the Council will continue to monitor its cash position and interest rate levels to ensure that further long term borrowing is undertaken from the PWLB at the optimal time to fund on-going Capital commitments.
- 3.3 At the last strategy meeting with the Council's treasury advisers, Arlingclose Ltd, the analysis of the Balance Sheet projections showed that the Council is likely to have a significant borrowing requirement in the future. Despite this, it was agreed that temporary local authority

borrowing continues to be the best strategy. They advised against borrowing too far in advance of need given the ongoing high cost of carry from having expensive borrowing that is invested for the short term at extremely low rates.

4 PWLB Borrowing Update

- 4.1 Following the PWLB's recent review of its borrowing terms, we have been required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. In particular, we had to confirm that we were not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. We were able to give this assurance so we can continue to take advantage of PWLB borrowing at low rates.

5 Controls

5.1 Prudential Indicators

The Council sets prudential indicators which set boundaries within which its treasury management activity operates. The indicators are calculated to demonstrate that the Council's borrowing is affordable and include measures that show the impact of capital and borrowing decisions over the medium term. The Council has remained within all of its borrowing and investment limits for 2021/22 as stated in the TM Strategy Statement and the Capital Strategy Report agreed by Council in February 2021. The Council has not deviated from the Capital related indicators either.

- 5.2 From 2019/20, the Capital related Prudential Indicators have been excluded from the Treasury Management Strategy Statement (TMSS) and included in the Capital Strategy Report which is a new report introduced by the 2017 edition of the Prudential Code. It is intended to give a high level, concise and comprehensible overview to all elected members of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services.

- 5.3 The Capital Strategy Report was included with the Capital Plan report to Council in February 2021 and included the following Capital related Prudential Indicators:

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

5.4 Audit Reviews

The Internal Audit review undertaken in January 2021 found that there are effective controls in place with good examples of working practices identified. A medium assurance rating was awarded with 3 recommendations made to review risk registers, the documentation of procedures and the recording of Treasury Management decisions. All of these recommendations are currently being implemented.

6 Future

6.1 TM Strategy for next six months

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

6.2 Medium Term Capital Strategy

Work is currently underway to develop a medium term strategy for capital. This will help identify projects that we are planning to develop and invest in over a 5 to 10 year period, but have not yet gone through the approval process. This will impact on the level of borrowing that the Council will require to undertake over the coming years. A detailed model is currently being developed with our Treasury Management advisers to help inform the decision making process to ensure that the correct balance is maintained between the need to invest in our assets and continue to deliver an ambitious investment programme and ensuring the plans remain prudent and affordable.

6.3 Reports

The next reports will be the annual TM Review Report 2021/22 and the TM Update Report 2022/23 which will be reported to the Governance and Audit Committee in July.

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Treasury Management Strategy Statement 2022/23

Well-being Impact Assessment Report


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

Assessment Number:	148
Brief description:	The Treasury Management strategy for 2021/22
Date Completed:	10/12/2021 09:23:41 Version: 20
Completed by:	Rhys Ifor Jones
Responsible Service:	Finance
Localities affected by the proposal:	Whole County,
Who will be affected by the proposal?	Proposals have little or no direct impact on the vast majority of residents as the strategy involves managing the Council's investments and borrowing.
Was this impact assessment completed as a group?	No

IMPACT ASSESSMENT SUMMARY AND CONCLUSION

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

Score for the sustainability of the approach


 (2 out of 4 stars) Actual score : 23 / 36.

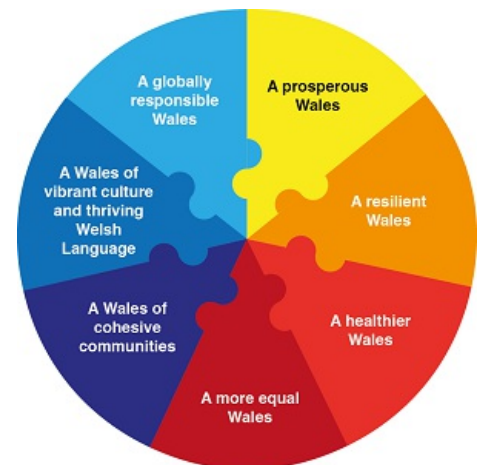
Summary for each Sustainable Development principle

Long term	The impact of this report is neutral in this particular area.
Prevention	The impact of this report is neutral in this particular area.
Integration	The impact of this report is neutral in this particular area.
Collaboration	The impact of this report is neutral in this particular area.
Involvement	The impact of this report is neutral in this particular area.

Summary of impact

Well-being Goals

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



Main conclusions

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

Evidence to support the Well-being Impact Assessment

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

THE LIKELY IMPACT ON DENBIGHSHIRE, WALES AND THE WORLD

A prosperous Denbighshire

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

Positive impacts identified:

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

Negative impacts identified:

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

A resilient Denbighshire

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

Positive impacts identified:

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

Negative impacts identified:

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

A healthier Denbighshire

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

Positive impacts identified:

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

Negative impacts identified:

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

A more equal Denbighshire

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

Positive impacts identified:

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

Negative impacts identified:

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

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

Positive impacts identified:

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

Negative impacts identified:

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

A Denbighshire of vibrant culture and thriving Welsh language

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

Positive impacts identified:

People using Welsh	
Promoting the Welsh language	
Culture and heritage	

Negative impacts identified:

People using Welsh	
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Promoting the Welsh language	
Culture and heritage	

A globally responsible Denbighshire

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

Positive impacts identified:

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

Negative impacts identified:

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

Report to	Governance & Audit Committee
Date of meeting	26 January 2022
Lead Member / Officer	Cllr Julian Thompson-Hill / Lisa Lovegrove – Chief Internal Auditor
Report author	Lisa Lovegrove – Chief Internal Auditor
Title	Internal Audit Follow Up – Project Management of Queen’s Building

1. What is the report about?

1.1. This report provides an update on progress in implementing the action plan that accompanied the Internal Audit report on the Project Management of Queen’s Building which was presented to this committee in January 2021.

2. What is the reason for making this report?

2.1. This report is to provide information on how the council is implementing improvements with the Project Management of Queen’s Building as per the agreed action plan since the issue of the Internal Audit report. The report gave a low assurance, so Governance & Audit Committee requested a progress report. This is the second progress report.

3. What are the Recommendations?

3.1. That the committee reviews progress with addressing the audit actions and decides whether it requires any further update reports on progress with the improvement action plan.

4. Report details

4.1. Our review of the Project Management of Queen’s Building, report dated January 2021, gave a low assurance. The first follow-up identified that progress

has been made in a number of areas since our last review with eight of the twelve actions being fully implemented. Based on the results of the first follow up review, we provided a medium assurance rating.

4.2. A further follow up was undertaken to establish the progress made with the outstanding actions, where progress had been impacted by other service pressures and the project management system undergoing an upgrade follow a recent tendering process. Appendix 1, summarises the results of our second follow up review.

4.3. Based on the results of our follow up review, we continue to provide a medium assurance rating. A third follow up is scheduled for July 2022.

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

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

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

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

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

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

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

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

9. Chief Finance Officer Statement

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

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

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

11. Power to make the decision

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

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Internal Audit of Project Management: Queen's Buildings

Follow Up Review

Purpose & Background Information

Our original review of Project Management: Queen's Buildings was completed in January 2021 giving a low assurance rating.

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

Audit Opinion

Progress has been made in a number of areas since our last review with eight of the twelve actions being fully implemented. A further follow up will be needed to establish the progress made with the following outstanding actions which are mostly delayed due to the project management system undergoing a tendering process:

- Updating Project Management Guidelines.

- Reviewing the Stage Review Group process once the new Project Management system is up and running to ensure roles and responsibilities are clear.
- Verto (Project Management system) access levels to be regularly reviewed.
- The Project Board developing a mechanism so that project benefits can be effectively measured.

Once addressed, these improvements should further strengthen the Council's project management arrangements.

Based on the results of the first follow up review, we are providing a medium assurance.

Assurance Rating

Audit Opinion	Rating
At Final Report	Low ●
At First Follow Up	Medium ●

Progress with Implementing Agreed Actions

Action Risk Rating	Actions Fully Implemented	Actions Not Implemented	Actions Not Yet Due
Critical ●	0	0	0
Major ●	4	0	0
Moderate ●	4	4	0

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Ref	Agreed Action	Original Issue & Risk Rating	Manager Responsible & Target Date	Follow Up Status and Comments
1.1	Terms of Reference to be reviewed and finalised by the Project Board.	Lack of effective governance and scrutiny arrangements at the start of the project Moderate ●	Project Manager 01/02/2021	Complete The first meeting of the new Project Board was held on the 14 April 2021 at which the Board's Terms of Reference was agreed. Meetings have been arranged monthly for the remainder of 2021.
1.2	Update Project Management guidelines to include further clarification on the roles and responsibilities, escalation and internal DCC reporting and approvals.	Lack of effective governance and scrutiny arrangements at the start of the project. Moderate ●	Strategic Planning Team Manager 31/03/2021	In Progress – Revised Date 31/12/2021 The project management guidelines are currently being updated. Amendments have been carried out, but the Section 151 Officer and the Strategic Planning Team Manager will

				look at the project management processes to identify if they can be aligned with the Strategic Investment Group (SIG) process as part of the specification for a new project management system.
1.3	Reaffirm roles and responsibilities with the Stage Review Group (e.g. ICT, Finance, Communications, Property and Strategic Planning) representatives.	Lack of effective governance and scrutiny arrangements at the start of the project. Moderate ●	Strategic Planning Team Manager 31/03/2021	In Progress – Revised Date 31/12/2021 A tendering process for a new project management system is currently being undertaken. This action is on hold until a decision is made on the future platform.
1.4	Verto access levels have been reviewed to ensure that they are appropriate and up-to-date. These will be regularly reviewed in future.	Lack of effective governance and scrutiny arrangements at the start of the project. Moderate ●	Performance & Programme System Administrator Complete	In Progress The Performance & Programme System Administrator has reviewed Verto system access levels since our original review, but responsibility for the Verto system now lies with ICT. There are users listed who have not accessed the system since 2015, ICT will look at deleting these going forwards. ICT will be reviewing the account status on a six monthly cycle to identify inactive accounts and action them appropriately.

Internal Audit of Project Management: Queen's Buildings

				Currently out to tender on the Project Management and Performance Software and will be implementing Single Sign On which will link to the Active Directory and will restrict access as soon as a leaver or a mover has been actioned.
2.1	Linked to actions 1.2 and 1.3, Project Management Guidance and roles and responsibilities of the Stage Review Group will be reviewed and reaffirmed.	Actual and forecasted project costs far exceed estimates. Major ●	Strategic Planning Team Manager 31/03/2021	Closed Duplicated with actions 1.2 & 1.3
2.2	A revised business case has been completed for Phase 1 detailing more realistic costings; currently tendering for the demolition work, but are continuing to explore options for external funding to proceed with Phase 1.	Actual and forecasted project costs far exceed estimates. Major ●	Project Manager/ Lead Officer – Strategic Asset Management 31/01/2021	Complete A revised business case was submitted to Cabinet for approval in September 2020. It was further updated and submitted to Welsh Government in January 2021, which was reviewed at their Capital Panel and approved. External funding for Phase 1 has now been secured.
3.1	External legal advice is being sought.	Non-adherence to Contract Procedure Rules. Major ●	Legal Services Manager 31/01/2021	Complete The external legal review has now concluded, and the outcome discussed with the relevant parties.

Internal Audit of Project Management: Queen's Buildings

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3.2	A protocol will be developed to detail how and when Legal should be engaged, and will be agreed by the Senior Leadership Team (SLT).	Non-adherence to Contract Procedure Rules. Major ●	Legal Services Manager 31/01/2021	Complete The Legal protocol was approved by the Senior Leadership Team (SLT) on the 1 April 2021.
4.1	The Project Board to develop a mechanism so that projects benefits can be effectively measured.	Some key project management information is either not recorded or has not been updated. Moderate ●	Project Manager/ Lead Officer – Strategic Asset Management 31/03/2021	In Progress - Revised Date 31/08/2021 The Project Manager and Lead Officer (Strategic Asset Management) are working with the Rhyl Regeneration Programme Manager on developing a mechanism so project benefits can feed into the over-arching Rhyl Regeneration Programme.
4.2	The Project Manager to meet with the recently appointed communications resource for the Rhyl Programme Board so that she can include elements of the project within the programme's communications plan.	Some key project management information is either not recorded or has not been updated. Moderate ●	Project Manager Complete	Complete The Project Manager and the Communications Resource Officer for the Rhyl Programme Board regularly meet to update the Queen's Buildings Communication Plan.
4.3	A log of key changes to be captured within monthly project board meetings.	Some key project management information is either not recorded or has not been updated. Moderate ●	Project Manager/ Lead Officer – Strategic Asset Management Complete	Complete A log of key changes is maintained and is a standing agenda item for the Project Board.

4.4	The project will be reviewed to ensure lessons learnt are captured.	Some key project management information is either not recorded or has not been updated. Moderate ●	Project Manager 18/12/2020	Complete The Project Manager confirmed that lessons learnt are now being captured on the 'Verto' project management system, and incorporate those from the start of the project.
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Report Recipients

- Head of Finance & Property/S151 Officer
- Lead Officer (Strategic Asset Management)
- Project Manager
- Lead Project Manager
- Strategic Planning Team Manager
- Corporate Director: Economic & Community Ambition
- Corporate Director: Communities
- Strategic Planning & Performance Officer
- Legal Services Manager
- Head of Legal, HR & Democratic Services
- Head of Business Improvement & Modernisation
- Lead Member for Finance, Performance & Strategic Assets
- Governance & Audit Committee

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Internal Audit Team

Sara Webster, Auditor 01824 712033 sara.webster@denbighshire.gov.uk

Key Dates

Review commenced	April 2021
Review completed	June 2021
Reported to Governance & Audit Committee	July 2021
Proposed date for second follow up review	December 2021

Report to	Governance & Audit Committee
Date of meeting	26 January 2022
Lead Member / Officer	Cllr Hugh Evans – Leader, Alan Smith – Head of Business Improvement & Modernisation
Report author	Lisa Lovegrove – Chief Internal Auditor
Title	Annual Governance Statement – Improvement Update

1. What is the report about?

This report provides an update on progress in implementing the improvement plan contained within the Annual Governance Statement 2020/21.

2. What is the reason for making this report?

To provide information regarding how the council is implementing improvements in governance arrangements since the issue of the Annual Governance Statement in July 2021 to ensure that risks to the Council are being managed effectively.

3. What are the Recommendations?

For the Committee to review and comment on progress.

4. Report details

Improvements identified within the Annual Governance Statement 2020/21 are making good progress overall with tasks allocated and work underway. Appendix 1 provides details of the progress made against each improvement action.

A further update on the action plan will be reported to the committee alongside the Annual Governance Statement 2021/22.

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

No decision is required with this report.

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

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

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

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

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

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

9. Chief Finance Officer Statement

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

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

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

11. Power to make the decision

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

Annual Governance Statement 2020-21 – Improvement Plan Update

Improvement areas identified for 2021/22	Agreed action	Progress Update as at January 2022
Review and update Officers' code of conduct and the process for capturing and response taken to declaration of interest, gifts and hospitality.	<p>Develop policy & guidance for managers to ensure employees are prompted to declare conflicts of interest, gifts and hospitality and appropriate response taken.</p> <p>Revised system to capture officer declaration of interests and gifts and hospitality</p> <p>Strategic HR Manager by 31/03/2022</p>	HR continues to develop policy and procedural guidance. Progress to continue as far as possible prior to the pre-election period (purdah) on 20 th March. Guidance and policy may be complete, but may not have undergone approval before Council finishes pre-election.

Annual Governance Statement 2020-21 – Improvement Plan Update

Improvement areas identified for 2021/22	Agreed action	Progress Update as at January 2022
<p>Continuing budget pressures and uncertainty over funding. Also, address any actions arising from the review of the Financial Management Code</p>	<ul style="list-style-type: none"> • Review and document complete Capital Process including SIG Terms of Reference, clear decision making, accounting and project management processes. • Development a clear long-term capital strategy. • Monitor on-going impact of Covid on services. • Develop and implement a new Budget Process for 2022/23 and beyond which hopes to embed long term decision-making and consultation as core principles • We will continue to lobby for multi-year indicative settlement figures from Welsh Government. • Complete the annual review of the Medium Term Financial Strategy (MTFS). • Include Unearmarked Reserves figure in the Corporate Dashboard to compliment the annual outturn projections. <p>Head of Finance & Property Services by 31/03/2022</p>	<ul style="list-style-type: none"> • The work on capital had been scheduled to be undertaken during the autumn. However due to the overrun of the external audit of our Statement of Accounts this has not been possible. Further delays are now likely as the service needs to concentrate on preparing for this year's closedown period. • A new 3/5 year budget process was approved by Cabinet, SLT, G&AC and shared with Council and other stakeholders. • The draft Settlement published on the 21st December included two additional years of indicative settlements. • MTFS was reviewed last year but will now need to re-presented following the very complex draft settlement. • Unearmarked Reserves figure included in Corporate Dashboard for 2021/22 and will continue to be included.

Annual Governance Statement 2020-21 – Improvement Plan Update

Improvement areas identified for 2021/22	Agreed action	Progress Update as at January 2022
Address contract management weaknesses highlighted by Internal Audit.	Implement revised action plan, as reported to Governance & Audit Committee in January 2021. Head of Legal, HR & Democratic Services and Head of Finance & Property Services by 31/07/2021.	Revised action plan in place and progress is being made with implementing the agreed actions, albeit delayed due to capacity constraints.
	Internal Audit to follow up progress in implementing agreed actions. Chief Internal Auditor by 31/07/2021.	First follow up completed in July 2021 and second follow up in November 2021. Both reports have been presented to Governance & Audit Committee for members to review progress with completing the agreed action plan. A further follow up review is scheduled for May 2022.
Implement requirements of the Local Government & Elections (Wales) Act 2021.	Convene a Member/Officer Working Group to ensure requirements are met. To include: <ul style="list-style-type: none"> • Changes to Governance & Audit Committee composition • Annual Performance Review and Peer Assessment • Establish Corporate Joint Committees Head of Legal, HR & Democratic Services and Strategic Planning & Performance Manager by 31/07/2021	Progress as follows: <ul style="list-style-type: none"> • Update to Governance & Audit Committee Terms of Reference and Constitution underway in time for changes to take effect in May 2022. • Annual Performance Review & Peer Assessment - Now included commentary on areas required under the Self-Assessment into both quarterly and annual performance reports. • Corporate Joint Committees (CJC) were established by the regulation. Gwynedd CC are leading on the arrangements

Annual Governance Statement 2020-21 – Improvement Plan Update

Improvement areas identified for 2021/22	Agreed action	Progress Update as at January 2022
		and there will be two meetings this month so that CJs can adopt standing orders, appoint statutory officers (on a temporary basis), and agree a budget.
Workforce capacity and resilience and reliance on key positions	<p>Recruit vacant Senior Management Team positions i.e. Chief Executive and Head of Education & Children Services. Also, ensure formal induction and on boarding for the new appointees.</p> <p>CET / Strategic HR Manager, Leader & Director Communities by 31/12/2021</p>	<p>Senior Management Team (SLT) vacancies have both been filled. Formal induction of the Chief Executive was conducted by both the Leader and HR; Head of Education and Children’s Services (both internal promotions) induction was carried out by Corporate Director – Communities.</p> <p>For other SLT vacancies i.e. Head of Communities –Interim arrangements have been put in place since November with staff assuming additional responsibilities split in two.</p> <p>Head of Business Improvement and Modernisation retiring end of March 2022 - similarly considering interim arrangements.</p> <p>These interim arrangements will be subject to the Chief Executive’s review of SLT structure and any resulting proposals.</p>

Annual Governance Statement 2020-21 – Improvement Plan Update

Improvement areas identified for 2021/22	Agreed action	Progress Update as at January 2022
	Review and update the workforce plan and coordinate an assessment with services. Strategic HR Manager by 31/3/2022	In progress and work ongoing. CET is overseeing its development with an update scheduled for the end of January.
	Internal Audit review of workforce planning process. Chief Internal Auditor by 31/3/2022	Internal Audit review of workforce planning on hold as Audit Wales is covering this area as part of their 'Springing Forward' review.
	New Ways of Working Project includes a work-stream developing new HR policies to support future work patterns Head of Business Improvement & Modernisation /Head of Legal, HR & Democratic Services by 31/10/2021	SLT agreement has now been secured to take forward a proposal to re-design staff role definitions and business travel arrangements in accordance with New Ways of Working developments. This proposal will go forward for consideration by Unions, Members and staff early in 2022.
Review the Whistleblowing Policy	Update the policy capturing lessons learned from recent concerns raised. Head of Legal, HR & Democratic Services by 31/03/2022	Coordinating a review with HR, Legal & Audit with a view to completion by the end of March 2022.

Annual Governance Statement 2020-21 – Improvement Plan Update

Improvement areas identified for 2021/22	Agreed action	Progress Update as at January 2022
<p>Uncertainty over future funding arrangements following EU Exit.</p>	<p>Resources and processes to be put in place to ensure that the Council maximises the opportunities in relation to the new UK Funding Initiatives including the UK Levelling Up Fund (LUF), UK Community Renewal Fund (CRF) and the forthcoming UKShared Prosperity Fund (SPF). Also, ensure coordination with other funding streams e.g. WG Transforming Towns Fund.</p> <p>CET / Corporate Director: Economy & PublicRealm (Lead) by 31/10/2021</p>	<p>Progress with new funding opportunities as follows:</p> <ul style="list-style-type: none"> • Joint LUF bid with Wrexham County Borough Council (WCBC) for Clwyd South was successful. Joint Governance arrangements with WCBC has been agreed. • Joint LUF bid with Conwy County Borough Council (CCBC) for Clwyd West approved at Cabinet. UK Government submission date awaited. • LUF bid for Vale of Clwyd approved at Cabinet. UK Government submission date awaited. • CRF Bid successful. <p>In terms of delivery of projects, leads have been identified from within existing resources to deliver. This includes:</p> <ul style="list-style-type: none"> • Economic & Business Development Team (within Planning, Public Protection & Countryside Services) have undergone a mini restructure to ensure suitable resources to deliver projects. • Additional resources have been

Annual Governance Statement 2020-21 – Improvement Plan Update

Improvement areas identified for 2021/22	Agreed action	Progress Update as at January 2022
		<p>allocated in Finance to monitor capital spend.</p> <ul style="list-style-type: none"> • Additional resources have been allocated to BIM to provide Programme Management support and some technical support from a corporate perspective. <p>It is hoped that most additional costs can be reclaimed against the grant.</p> <p>Head of Communities & Customers is the strategic lead for forthcoming UK SPF.</p> <p>Head of Planning, Public Protection & Countryside is the main link with WG Transforming Towns Funding and maintains contact with Welsh Government on our proposals for the LUF.</p>

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Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
16 March 22	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Head of Business Improvement & Modernisation– Alan Smith
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Cllr Julian Thompson Hill / Lisa Lovegrove – Chief Internal Auditor
	4	Forward Work Programme			Democratic Services
		Reports			
	5	Constitutional Changes / Proposed amendments of the Terms of Reference			Gary Williams, Head of Legal, HR & Democratic Services
	6	Regional Commissioning Older People's Care Home Placements	To receive the Audit Wales report.		Corporate Director Communities – Nicola Stubbins / Principal Manager – David Soley
	7	2020-21 Certification of grants and returns	To receive the summary of the key outcomes from WAO's certification work on the Council's 2020/21 grants and returns.		Head of Finance – Steve Gadd
	8	Annual Plan 2022	To receive the Annual Audit Summary for Denbighshire County Council produced by Audit Wales		Head of Finance – Steve Gadd

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	9	Follow up report – Cyber Resilience	To receive a follow up report following the Audit Wales report presented in March 2021		Chief Digital Officer – Barry Eaton
	10	Report on Complaints			Kevin Roberts - Statutory & Corporate Complaints Officer / Gary Williams, Head of Legal, HR & Democratic Services
	11	Internal Audit Strategy 2022/23	To receive the annual audit strategy report.		Lisa Lovegrove – Chief Internal Auditor
	12	Annual Whistleblowing report	To receive the annual update on Whistleblowing		Gary Williams, Head of Legal, HR & Democratic Services
27 April 22	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Head of Business Improvement & Modernisation– Alan Smith
	3	Forward Work Programme			Democratic Services
		Reports			
	4	Constitutional Changes			Gary Williams, Head of Legal, HR & Democratic Services
	5	Draft Annual Governance Statement	To consider the draft Governance Statement		Lisa Lovegrove – Chief Internal Auditor

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	6	Update report on the uptake of Proactis	to receive a service update report on the use of Proactis.		Lisa Jones –Legal Services Manager
8 June 22	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Head of Business Improvement & Modernisation– Alan Smith
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Cllr Julian Thompson Hill / Lisa Lovegrove – Chief Internal Auditor
	4	Forward Work Programme			Democratic Services
		Reports			
	5	Council Performance Self-Assessment	To consider a report on the Council's Performance , Self-Assessment		Strategic Planning & Performance Team Leader - Iolo McGregor
	6	Internal Audit Annual report	To receive the annual Internal Audit report		Lisa Lovegrove – Chief Internal Auditor
	7	Annual RIPA report	To receive the annual RIPA report		Gary Williams, Head of Legal, HR & Democratic Services
27 July 22	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans – Scrutiny Co-ordinator

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Head of Business Improvement & Modernisation– Alan Smith
	3	Forward Work Programme			Democratic Services
		Reports			
	4	Draft Statement of Accounts 2021/22	To receive an overview of the draft Statement of Accounts 2021/22		Head of Finance – Steve Gadd
	5	Treasury Management (TM Review Report 2021/22 /TM Update Report 2022/23)	The receive the annual Treasury Management Report 2021/22		Head of Finance – Steve Gadd
	6	Follow up report – Internal Audit Contract Management	To receive an update following a low assurance Internal Audit review		Lisa Lovegrove – Chief Internal Auditor
	7	Follow up report – Internal Audit- Exceptions and Exemptions	To receive an update following a low assurance Internal Audit review		Lisa Lovegrove – Chief Internal Auditor
21 Sept 22	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Head of Business Improvement & Modernisation– Alan Smith
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Cllr Julian Thompson Hill / Lisa Lovegrove – Chief Internal Auditor

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	4	Forward Work Programme			Democratic Services
		Reports			
	5	Annual Corporate Health and Safety report	To consider the Health & Safety management within DCC during 2021-2022.		Corporate Health and Safety Manager – Gerry Lapington
	6	Fire Safety Report	To receive the annual report on the Fire Safety programme and performance.		Fire Safety Manager – Dawn Jones
	7	Approval of the Statement of Accounts 2021/22	To receive the audited accounts	Yes	Head of Finance – Steve Gadd
	8	Audit of Accounts Report 2021-22			Head of Finance – Steve Gadd
23 Nov 22	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Head of Business Improvement & Modernisation– Alan Smith
	3	Forward Work Programme			Democratic Services
		Reports			
	4	Corporate Risk Register	To receive a review of the Corporate Risk Register.		Strategic Planning & Performance Team Leader - Iolo McGregor

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 : 10/01/2022 SJ

Audit Wales Work Programme and Timetable – Denbighshire County Council

Quarterly Update: 31 December 2021

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2022	January 2022	Final report issued

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2020-21 statement of accounts	Statutory audit of the Council's 2020-21 statement of accounts under the Accounts and Audit Regulations (Wales) Regulations 2014.	Governance and Audit Committee are due to approve the audited financial statements on 24 November 2021.	The Statement of Accounts was certified on 29 November 2021 following approval by the Governance and Audit Committee on 24 November 2021.

Description	Scope	Timetable	Status
<p>Certification of the Council's Grant claims and returns 2020-21</p> <ul style="list-style-type: none"> • Non-Domestic Rates return • Teachers' Pensions Return • Social Care Workforce Development Claim • Housing Benefit Subsidy Claim 	<p>Certification that the Council's grant claims are prepared in accordance with the certificate instructions.</p>	<p>Report to the grant-paying bodies:</p> <ul style="list-style-type: none"> • 19 November 2021 • 30 November 2021 • 7 January 2022 • 31 January 2022 	<p>The Teachers' Pension return was certified in December 2021 and work is progressing on certification of the remaining grants claims and returns in early 2022.</p>

Performance Audit work

2020-21 Performance Audit Work	Scope	Timetable	Status
<p>Commissioning Older People's Care Home Placements</p>	<p>A project common to north Wales councils and Betsi Cadwaladr University Health Board that reviewed how partners collaborate in the strategic commissioning of residential and nursing home care.</p>	<p>September 2021</p>	<p>Final reports (local and national) issued December 2021.</p>
<p>Financial Sustainability</p>	<p>A project common to all local councils that assessed financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.</p>	<p>July 2021</p>	<p>Final local report issued August 2021</p> <p>National Summary Report published September 2021</p>

2020-21 Performance Audit Work	Scope	Timetable	Status
Delivering Environmental Ambitions	The review has examined the progress the Council has made in establishing arrangements to deliver its commitment to becoming a net carbon zero and ecologically positive Council by 2030.	Summer 2021	Final report issued October 2021

2021-22 Performance audit work	Scope	Timetable	Status
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	We will seek to integrate the delivery of our WFG examinations of steps to deliver well-being objectives with our other audit work. We will discuss this with the Council as we scope and deliver the audit projects listed in this plan.	N/A	N/A
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.	October 2021	Compliance certificate for the Council's assessment of performance issued August 2021

2021-22 Performance audit work	Scope	Timetable	Status
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 Council the project is likely to focus on:</p> <ul style="list-style-type: none"> • Financial position • Self-assessment arrangements • Recovery planning • Implications of the Local Government and Elections (Wales) Act • Carbon reduction plans 	April 2021 to March 2022	Ongoing
Springing Forward – Examining the building blocks for a sustainable future	<p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.</p>	Planned for December 2021 onwards	Fieldwork underway
Driving Sustained Performance Improvement	<p>The review focused on the robustness of the Council's arrangements that support continuous and sustainable improvement.</p>	July 2021	Final report issued January 2022

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Denbighshire County Council
Direct Payments	Review of how local authorities manage and promote the use of Direct payments	Publication Winter 2021-22	Drawing conclusions mid October, drafting and publication early 2022	No – work being delivered via Direct Payment Forum and a selection of follow-up interviews
Emergency Services	Review of how well emergency services (blue light) collaborate	Publication winter 2021-22	Clearance with publication end of January 2022	N/A
Follow-up on People Sleeping Rough	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGW's report of July 2020	N/A	N/A	This work is not progressing in 2021-22
Poverty	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council

Study	Scope	Timetable	Status	Fieldwork planned at Denbighshire County Council
Social Enterprises	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council
Community Resilience	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council

Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
Local Government Education Services Inspections	Estyn have worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made.	LGES inspections to resume from late Autumn term	N/A
Curriculum Reform thematic review	Regional consortia and local authority support for curriculum reform.	Evidence collecting in September/October – publish in early February	N/A

Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
National Assurance Check 2020-21	CIW has now published all assurance check letters CIW has published its national assurance check report highlighting key findings and recommendations	Published	Complete
Programme 2022-23	CIW will run an annual programme of assurance checks, performance evaluation inspections and risk-based inspections	April 2022 – March 2023	Planning
National review	Support for disabled children and their families.	Published	Complete
Follow-up	CIW will be following up on areas for improvement identified in the Assurance Checks or through risk-based inspection activity with individual local authorities where necessary.	Ongoing	One follow-up risk-based inspection has occurred and is due to be published. Two further follow-up assurance checks have occurred and are due to be published in due course
Inspection	Risk-based inspection activity will continue where required.	As required	No inspections are scheduled at this time (up until April 2022)

CIW planned work 2021-22	Scope	Timetable	Status
Development	CIW will continue to develop its approach to inspection and review of local authorities	April 2022	In progress
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21	Annual monitoring report in draft format currently – this is a joint report with Health Inspectorate Wales	December 2021	In progress
Annual meeting with Statutory Directors of Social Services	CIW will meet with all Directors of Social Services	December 2021 and January 2022	In progress

Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
Care Home Commissioning for Older People	December 2021
The Welsh Government's Warm Homes Programme	November 2021
Taking Care of the Carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic	October 2021
Financial Sustainability of Local Government	September 2021
NHS summarised accounts infographic	September 2021

Report title	Publication date and link to report
Picture of Public Services ¹	September 2021
Town Centre Regeneration	September 2021
Student finances	August 2021
NHS finances data-tool 2020-21	June 2021
Rollout of the COVID-19 vaccination programme in Wales	June 2021
Quality governance arrangements at Cwm Taf UHB – follow-up	May 2021
Welsh Health Specialised Services Committee Governance Arrangements	May 2021
At your Discretion – Local Government Discretionary Services	April 2021
Procuring and Supplying PPE for the COVID-19 Pandemic	April 2021

¹ Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

Audit Wales national reports and other outputs due to be published during 2021-22 (and other work in progress/planned)²

Title	Anticipated publication date
Welsh Government accounts commentary	February 2022
Welsh Government setting of well-being objectives	February 2022
Unscheduled care – data tool and commentary	February/March 2022
Collaborative arrangements for managing local public health resources	February 2022
COVID response and recovery/Welsh Government grants management – third sector support	February 2022
NHS waiting times data-tool and planned care commentary	March 2022
Welsh Government workforce	February/March 2022
Orthopaedic services	March 2022
Curriculum reform	Spring 2022
Equality impact assessment	Spring 2022
Climate change – baseline review	Spring/summer 2022

² We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

Title	Anticipated publication date
COVID response and recovery/Welsh Government grants management – other	To be confirmed
Affordable housing	To be confirmed
Broadband infrastructure	To be confirmed
Flood risk management	To be confirmed

Forthcoming Good Practice Exchange events and publications

Title	Anticipated publication/event date
Post event resources including session recordings for the Springing Forward event on organisational resilience held on 9 December 2021	Late January 2022
Direct Payments Event (title To be confirmed)	March 30 2022

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