

To: Members of the Governance and
Audit Committee

Date: 17 November 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, 23 NOVEMBER 2022** in **COUNCIL CHAMBER, COUNTY HALL, RUTHIN AND BY VIDEO CONFERENCE.**

Yours sincerely

G. Williams
Monitoring Officer

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 - 14)

To receive the minutes of the Governance and Audit Committee meeting held on 4 October 2022 (copy enclosed).

5 CORPORATE RISK REGISTER (Pages 15 - 136)

To receive an update on the September 2022 review of the Corporate Risk Register and the Risk Appetite Statement (copy enclosed).

6 ANNUAL SIRO REPORT (Pages 137 - 142)

To receive a report by the Interim Head of Business Improvement & Modernisation (copy enclosed) which details breaches of the data protection act and complaints relating to Freedom of Information Legislation.

7 CAPITAL PROCESS AND THE FUTURE OF THE STRATEGIC INVESTMENT GROUP (Pages 143 - 156)

To receive an update on a proposed new capital budget setting process and draft changes to the Terms of Reference and name of the Strategic Investment Group (copy enclosed).

8 BUDGET PROCESS UPDATE (Pages 157 - 168)

To receive an update on the current Medium Term Financial Plan and Budget Timetable (copy enclosed).

9 PROGRESS UPDATE ON STATEMENT OF ACCOUNTS 2021/22 (Pages 169 - 174)

To receive and update on the audit of the draft Statement of Accounts 2020/21(copy enclosed).

10 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME (Pages 175 - 180)

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

INFORMATION REPORT

11 INFORMATION REPORT - RECRUITMENT AND RETENTION ISSUES IN SOCIAL SERVICES (Pages 181 - 188)

To receive for information a report on recruitment and retention issues in Social Services (copy enclosed).

MEMBERSHIP

Councillors

Ellie Chard
Justine Evans
Carol Holliday

Merfyn Parry
Elfed Williams
Mark Young

Lay Member

Nigel Rudd
David Stewart

Paul Whitham

COPIES TO:

All Councillors for information
Press and Libraries
Town and Community Councils

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LOCAL GOVERNMENT ACT 2000

Code of Conduct for Members

DISCLOSURE AND REGISTRATION OF INTERESTS

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

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

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of a meeting of the Governance and Audit Committee held in COUNCIL CHAMBER, COUNTY HALL, RUTHIN AND BY VIDEO CONFERENCE on Tuesday, 4 October 2022 at 9.30 am.

PRESENT

Councillors Ellie Chard and Mark Young

Lay Members Nigel Rudd and Dave Stewart

Cabinet Member – Councillor Gwyneth Ellis – Lead Member for Finance, Performance and Strategic Assets.

ALSO PRESENT

Corporate Director: Governance and Business – Monitoring Officer (GW), Head of Finance and Property Services (Section 151 Officer) (SG), Corporate Director for Communities (NS), Chief Internal Auditor (BC), Senior Corporate Health & Safety Advisor (DR), Interim Head of Service - Strategy & Performance, Projects, Climate Change, Community Development, Internal Audit (NK), Head of Childrens Service (RM), Service Manager (LA), Committee Administrator (SLW) (Zoom Host) and Committee Administrator (SJ).

Audit Wales representative Gwilym Bury was also in attendance.

1 APOLOGIES

Apologies were received from Councillors Justine Evans, Carol Holliday, Merfyn Parry and Elfed Williams.

Apologies from Lay Member Paul Whitham were received.

David Roberts informed committee he was present to present agenda item 6 on behalf of Gerry Lappington who sent his apologies.

2 APPOINTMENT OF VICE-CHAIR

Nominations were sought for a Member to serve as the Committee's Vice Chair for the ensuing year. Lay Member David Stewart nominated Councillor Mark Young, seconded by Councillor Ellie Chard. No other nominations were received and it was therefore;

RESOLVED that Councillor Mark Young be appointed as the Governance and Audit Committee's Vice Chair for the ensuing year.

3 DECLARATION OF INTERESTS

Councillor Ellie Chard informed the committee she had been a member on the Council's Health and Safety committee and Performance Scrutiny Committee both of which are noted in reports within the agenda. The Monitoring Officer confirmed that member's past committee commitments did not need to be noted as an interest as they were internal committees of the Authority.

The Chair, Lay Member David Stewart declared a personal interest as he was also a member of Wrexham Council's Governance and Audit committee and some of the information may relate to that Authority.

4 URGENT MATTERS

There were no urgent items.

5 MINUTES

The minutes of the Governance and Audit committee held on 27 July 2022 were submitted.

Matter arising –

Page 8 – Minutes – Internal Audit questionnaires had not yet begun to be issued quarterly. The internal auditor who issued the surveys was currently on long term sick. The task would be reallocated to another member of staff if required.

Page 8 – Minutes – It was confirmed Treasury Management training had been scheduled for 28th October to be presented by Arling Close. It was confirmed WLGA had provided an e-learning module that related to the work of the committee. A date would be set for a training session before the next meeting.

Page 11 – Draft Statement of Accounts – It was confirmed no significant concerns had been raised during the audit stage of the process.

RESOLVED, subject to the above that the minutes of the Governance and Audit committee held on 27 July 2022 be received and approved as a correct record.

6 ANNUAL CORPORATE HEALTH AND SAFETY REPORT

The Senior Corporate Health & Safety Advisor guided members through the annual Corporate Health and Safety report (previously circulated).

The first section of the report included the assessment of the health and safety performance in terms of how the culture works, a medium assurance rating had been provided a continuous improvement track from previous years.

Throughout the financial year 2021\2022 only one RIDDOR incident had been formally investigated by the HSE. This incident related to four customers of Ruthin leisure centre receiving an electric shock in the showers. The outcome was fairly minor and the regulator found no fault with DCC or the utility supplier.

Denbighshire County Council continued to be assessed by Corporate Health & Safety as being an organisation that sits in the “calculative and proactive” zone.

Members were guided through the points to note during 2021-2022 within the agenda papers. A breakdown of accidents and incidents was available in Appendix 2 to the paper.

The Chair thanked the officer for the detailed papers and explanation of the team and findings over the year. In response to the members questions, officers expanded on the following:

- It was confirmed during the year, there were 2 fatalities. Both had been residents in care homes. The fatalities were not reportable to RIDDOR.
- Officers agreed to provide further details on specific concerns members had.
- The high number of incidents reported by Denbighshire leisure were due to Denbighshire Leisure Limited reporting and recording any incident or accident. A number of the recording were very minor.
- The report was also presented to the Joint Consultative Committee for Health and Safety and Employee Relations on a quarterly basis. This meeting was robust and offered challenge to the figures and health and safety. The reports were also forwarded to the senior leadership team. The corporate risk register was also reported to the Corporate Executive Team.
- Internal Audit would conduct an audit of the service as part of its programme of works.

The Chair thanked the officers for all the detailed papers and the response to members questions.

RESOLVED that, the Governance and Audit Committee receive the report, note its contents and endorse the Corporate Health and Safety Team Work plan for 2021/22.

7 CARE INSPECTORATE WALES - INSPECTION OF INTAKE AND INTERVENTION SERVICE 2021

The Head of Children's Services introduced the report to members (previously circulated) stating an assurance check had been conducted by CIW in June/ July 2021. In that review a number of positive findings had been reported there was also a number of areas for improvement. An action plan was created to improve on those areas of concern.

The follow up inspection highlighted some areas of improvement, but recognised the impact of a high number of vacancies across the service that impacted the improvement journey. Staff retention and recruitment was seen as a national concern.

Regular meetings with CIW to review the actions taken in line with the action plan continued. Officers recognised there was still work that was required to improve the area within service.

Confirmation that staff training in all aspects of the area continued. It was felt that although the department had staffing concerns training was always prioritised.

During the discussion the officers provided further explanation on the following:

- In house training on 'real life' situations had taken place. These were weekly 'practice and improvement sessions' to discuss different services available for staff in the area.
- Recruitment and retention had been escalated to be included on the Corporate Risk in Denbighshire. Regular meetings to address the issue took place. As an employer Denbighshire had looked at the offers for working for the authority. A lot of behind the work scenes was taking place both regionally and within Denbighshire. A national pay structure had been called for.
- Members thanked the officers for the continued dedication and hard work.
- Prioritising child protection referrals has continued. A number of social workers across over areas of the department had been called in to support the area. The gateway team (initial team) had been strengthened which had subsequently reduced the number of caseload slightly.
- Each authority across the region had been experiencing difficulties to fulfil statutory duties. Officers priority had been to ensure the statutory duties of Denbighshire where met, supporting children and vulnerable adult's resident in Denbighshire. It was noted the pandemic had created a more flexible working approach for social workers. It was noted that Denbighshire social workers continued to meet with individuals and families in the community.
- Recruitment and retention was a regular item of discussion at the Corporate Executive Team meetings. An internal group had been set up to address recruitment and retention in the care sector. It was also highlighted a report had been presented to Performance Scrutiny around sickness and turnover statistics as an authority as a whole. Members were informed a recruitment specialist had been recruitment in HR to aid social care recruitment.
- A future report on recruitment and retention would be beneficial for members to monitor recruitment and retention as an authority as a whole. It was confirmed an internal audit report was scheduled for the last quarter.
- Members suggested an overarching report be presented at the earliest convenience on workforce planning at the January committee meeting.
- An information report on the challenges of recruitment in Social Care was agreed to be presented at the November committee meeting.

Members of the committee thanked the officers for the detailed report.

RESOLVED that the Committee considers the CIW findings letter and understands the areas for improvement. It was agreed to receive an information report on recruitment and retention in the social care sector in November. Members also agreed to receive a report on workforce planning in January. Members also noted the Internal Audit report on Retention that would be presented in the new year.

8 AUDIT WALES REPORT - DELIVERING SUSTAINED PERFORMANCE IMPROVEMENT

The Lead Member for Finance, Performance and Strategic Assets along with the Interim Head of Head of Business Improvement and Modernisation introduced the Audit Wales report (previously circulated).

Members were informed included in the papers was the Audit Wales report included recommendations made by Audit Wales and the responses by officers of the actions to be taken against those recommendations.

Audit Wales took an in-depth review of the Authorities performance in 2021. It was explained they had looked at systems and processes in place with a deeper look at the arrangements for education and young people and environmental services both which were linked to corporate priorities at the time. Overall the conclusion was that Denbighshire had effective arrangements in place for its performance management.

Members were guided through the recommendations suggested by Audit Wales and the manager response that had been included in the agenda papers including the timescale for each recommendation.

The Audit Wales representative drew attention to recommendation 3, improving the availability of performance information to members and the public. It was noted the difficulties services had seen during the Covid 19 pandemic and it was hoped following the ease of restrictions this would be improved.

Following the introduction, the following was discussed in further detail:

- The report was published by Audit Wales in January 2022, although officers would have hoped to present to committee at an earlier opportunity due to the pandemic it had been delayed. Members were reminded the Council election had taken place which had also contributed to the delay. Audit Wales had no concern with the timescale.
- HR are responsible for 1:1. There is a template for managers to follow and complete. It was a thorough template that included work objectives and general wellbeing of employees. The minimum requirement for the vast majority of staff was three to be completed during a year, this target was often exceeded by managers and offered more regularly. HR issued reports for managers to address any concerns. The reports are created monthly.
- It was often logging of the 1:1 on the system that was not completed.
- The importance of comparative information nationally and regionally was stressed. Comparative information shared nationally had been suspended during the pandemic. It was hoped this would be reinstated so the authority could compare its performance against other authorities.
- Bench marking had declined during the pandemic it was hoped this would increase going forward and allow services to compare to other authority's performance.

RESOLVED that;

- i. *The Committee confirmed it had read, understood and taken account of the content and recommendations in the Audit Wales report on Delivering Sustained Performance Improvement and;*
- ii. *That the Committee noted the agreed actions in the management response.*

At this juncture (11.20 a.m.) there was a 10 minute comfort break.

The meeting reconvened at 11.30 am.

9 INTERNAL AUDIT UPDATE

The Lead Member for Finance, Performance and Strategic Assets along with the Chief Internal Auditor (CIA) introduced the report (previously circulated). Members were updated 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. Also included was a summary of the changes to the structure of Internal Audit for members reference.

Confirmation that 8 Audits had been completed since the last committee meeting. The completed audits had all received a high or medium assurance. There had been two follow up reviews completed since the last update and summaries were included for information. One of the follow ups was presented to the Partnership Scrutiny Committee July 2022. A National Fraud Incentive review had also been completed by the audit team.

Details of the team and its make up were provided to the committee. It was hoped that approval to appoint a senior auditor would be approved and go out to recruitment. The team had also had a member of staff on long term absence.

The Chair thanked the Lead Member and Chief Internal Officer for the detailed introduction.

During the discussion –

- It was confirmed an audit of revenues and benefits for 2022/23 was due to commence.
- In regards to the Equalities report it stated within reason the council was compliant. Included had been three actions to be addressed. Once the three actions had been resolved the audit team would be satisfied. The actions had been given a timescale to be completed before a follow up review. The findings of follow up reviews would be included in update reports presented to Governance and Audit committee.
- Confirmation that the first meeting of Equality forum was due to take place the end of October 2022. A national report had been produced by Audit Wales on Equality of impact assessments, identifying issues found locally are also found nationally.
- Compliments to the Audit team staff for quick responses to members questions was highlighted. Members wanted to thank the team for providing feedback on concerns outside of the meeting.
- The work programme was constantly reviewed. Not having a full complement of staff has impacted the number of audits completed. Reviews of how to work more effectively going forward was being conducted. Audits are reviewed and the order of completion is prioritised in order of importance.

- Audit of City, Town and Community Councils are beneficial for the authority.
- Audit Wales congratulated Internal audit for the work completed in schools and community councils. It was felt to be an important piece of work.
- Reference numbers could be included on the report.
- A number of areas fall under the Financial Services area such as payroll and treasury management.
- Members were pleased to note the process of recovering the overpayments found on the NFI had begun.
- Officers felt North & Mid Wales Audit Partnership sub-group were very beneficial. It allowed discussions on possibilities and ways to prevent fraud. It was hoped the group would help share experiences and expertise.
- A review of the guidance documents for project management had been conducted. The importance of establishing boards very early in a project was stressed.

Confirmation that a planned audit of Christ the Word Catholic School in Rhyl was scheduled following the recent Estyn review. Audit would review and go through the action plan that has been agreed by the Education department.

RESOLVED that, members note the Internal Audit's progress and performance.

10 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

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

The Monitoring Officer confirmed the committee was responsible for receiving the Annual panel assessment report and Complaints report. He stated he would discuss with relevant officers for when it was best for the committee to receive the reports.

The Chair requested if any changes to the forward work programme are made before the meeting if he could be informed.

The Chief Internal Auditor confirmed a report including Audit reports including external regulatory reports was to be submitted to CET. It would include progress against any recommendations. He confirmed he could share the report on an information basis to members.

The Chair informed members the Annual Fire Safety report was scheduled for the September committee meeting. Due to the meeting being rescheduled officers were unable to attend the new meeting date. If members were in agreement the report could be circulated via email to members. The Monitoring Officer encouraged members to raise any matters with the report author. Members were all in agreement to receive the report via email.

The Monitoring Officer confirmed the 'Draft Annual report' would be presented to the committee in November for consideration. An officer would prepare a draft report for committee to confirm they agree the contents before it is presented to Full

Council. He stated it was standard practice the Chair of the Committee along with Lead Officer would present the report to County Council.

Members had agreed a report in January 2023 on Workforce Planning Recruitment and Retention be included on the forward work programme. It was also agreed an information report from Nicola Stubbins on the challenges in recruitment and retention found in Social Care be included on the November meeting.

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

FOR INFORMATION

11 ESTYN INSPECTION REPORT - CHRIST THE WORD CATHOLIC SCHOOL

The Corporate Director: Governance and Business, Monitoring Officer introduced the Estyn Inspection report for Christ the Word Catholic School (previously circulated).

The Chair asked the direction of the report and if the committee would receive assurance from future reports on the progress of actions.

Members were informed the report was in the Performance Scrutiny's forward work programme to be scrutinised. A representative from GwE would be invited to that meeting along with the Catholic diocese head of education, the school head teacher and Chair of the school's governing body. The scrutiny committee will receive and debate the response action plan and establish a regular monitoring plan.

The Governance and Audit committee will receive updates through the work of Internal Audit but if they felt necessary could call a report back to the committee. The Chief Internal Auditor confirmed he would inform the committee following future Estyn reports and his internal audit work.

RESOLVED that the Governance and Audit committee note the information report.

The meeting concluded at 12.28 p.m.

Report to	Governance and Audit
Date of meeting	23 November, 2022
Lead Member / Officer	Nicola Kneale, Interim Head of Business Improvement & Modernisation Cllr Julie Matthews, Lead Member for Corporate Strategy, Policy and Equalities
Report author	Iolo McGregor, Strategic Planning & Performance Team Leader and Emma Horan, Strategic Planning and Performance Officer
Title	Corporate Risk Register Review, September 2022

1. What is the report about?

- 1.1. An update on the September 2022 review of the Corporate Risk Register and the Risk Appetite Statement.

2. What is the reason for making this report?

- 2.1. This report asks Governance and Audit to review the risks facing the council (appendix 1) and our risk appetite statement (appendix 2).
- 2.2. We ask the committee to consider whether it is satisfied with risk management within the council.

3. What are the Recommendations?

- 3.1. Governance and Audit notes the risks, scores and controls included in the Corporate Risk Register (appendix 1), including the status of each risk against our Risk Appetite Statement (appendix 2).
- 3.2. The committee considers the risk appetite statement and accepts a verbal update on any changes (appendix 2).

4. Report details

- 4.1. The Corporate Risk Register is developed and owned by SLT and Cabinet. It is reviewed twice every year by Cabinet at Cabinet Briefing.
- 4.2. Following each review, the revised register is presented to Performance Scrutiny Committee, and is shared with Corporate Governance.
- 4.3. The last review was undertaken in February 2022. [Papers submitted to Performance Scrutiny Committee are available online.](#)
- 4.4. The council's risk appetite approach has been applied to the discussions that we have had with risk owners, and our risk exposure (based on the score) is analysed within the Corporate Risk Register (appendix 1).
- 4.5. During this latest review, there have been a number of updates. These changes have been made to the risk register and are specified at the start of each risk in appendix 1. In summary (summary at appendix 3), the most significant changes include:
 - Risk 01: The risk of a serious safeguarding or practice error, where the council has responsibility, resulting in serious harm or death, has increased in both its inherent score (A1 – Critical Risk Almost certain / Very high impact) and residual score (A1 – Critical Risk Almost certain / Very high impact). The risk score has been increased on the basis of our assessment that the chance of this occurring is currently higher than it was previously. Although we do not regard the likelihood as “almost certain to occur in most circumstances” (which is the definition of Risk Likelihood A in our risk methodology), the risk has certainly increased. It therefore feels appropriate to increase the Risk Likelihood score, and that means increasing it from B to A. Increasing the risk score enables the risk to be further prioritised and escalated, which feels appropriate and necessary at this time.
 - Risk 12: The risk of a significantly negative report(s) from external regulators. The risk score has increased to C3 – Moderate Risk: Possible / Medium Impact.
 - Risk 36: The risk that the economic and financial environment worsens beyond current expectations, and has a detrimental impact on local businesses and economic hardship for the local community. The inherent and residual scores have increased.

- Risk 43: The risk that the council does not have the funds or resources to meet its statutory obligations under the Additional Learning Needs and Education Tribunal (Wales) Act 2018. We are proposing to de-escalate this risk for it to be managed by the Service.
- Risk 44: The risk of Ash Dieback Disease (ADB) in Denbighshire leading to significant health and safety issues that represent a potential risk to life. The risk owner is now Head of Planning, Public Protection and Countryside Services. On the basis of better intelligence, inherent and residual risk scores have decreased (but remain outside of our risk appetite).
- Risk 47: The risk that the new North Wales Corporate Joint Committee (CJC) results in the council having less influence and control at a local level. We are proposing to de-escalate this risk for it to be managed by Service(s).

4.6 It should be noted that CET has undertaken a review of Risk 01: Safeguarding (17 October 2022).¹ CET will review this risk monthly, and Cabinet will be considering how it will review the risk at its next Cabinet Briefing on November 14, 2022.

4.7 Risk appetite

- Risks 1, 6, 13, 18, 21, 27, 33, 34, 36, 44, and 45 are currently inconsistent with the council's Risk Appetite Statement (appendix 2).
- Excluding risks 43 and 47 on the basis they are proposed for removal, we have a total of 20 risks and 11 are inconsistent with our risk appetite (55%). Our February 2022 review included 22 risks and 14 were inconsistent with our risk appetite (64%).

4.8 Risk appetite statement

- The council's risk appetite statement (summary at appendix 2 and [full statement here](#)) was last reviewed in September 2020.

¹ We also recommended adding economic risks in relation to the council's finances (risk 6) and businesses and the community (risk 36) to CET's forward work programme.

- The statement will be reviewed, by Cabinet, on November 14 (after the date this report was submitted). This review is timely, given we now have a new council and a new corporate plan.
- The statement should reflect our appetite now in a post-pandemic, post-Brexit world, where escalating costs and uncertain economic forecasts pose challenges for us in the delivery of services and projects, and threaten shared outcomes around personal and community independence and resilience.
- We draw particular attention to our currently open risk appetite in relation to financial projects, which may be appropriate given increasing financial pressures.
- Our minimalist risk appetite in relation to Workforce: Terms and Conditions (see appendix 2 or pp.36-38 [here](#)) is proposed to be amended to a cautious risk appetite, to reflect the way we are ‘flexing’ recruitment processes – in a safe way – to alleviate challenges in filling roles.
- Cabinet will be considering the risk appetite statement on November 14, 2022 and we will provide a verbal update on those discussions at the Governance and Audit Committee meeting on November 23.

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

- 5.1. The purpose of the Corporate Risk Register is to identify the potential future events that may have a detrimental impact on the council’s ability to deliver its objectives, including its corporate priorities. The identified controls and actions are therefore crucial to the delivery of the corporate priorities.

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

- 6.1. The cost of developing, monitoring and reviewing the Corporate Risk Register is absorbed within existing budgets.

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

- 7.1. This Corporate Risk Register documents identify risks and mitigating actions. The process of developing and reviewing the document itself does not impact adversely on any of the well-being goals. However, any new process, strategy or policy arising as a result of a mitigating action will probably require a well-being impact assessment.

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

- 8.1. Individual discussions have been held with Risk Owners (Chief Executive Officer, Corporate Director, relevant Heads of Service), also including input from officers leading on further actions for instance. A report has been presented to CET.
- 8.2. The register is then discussed by CET, SLT and Cabinet to agree and / or make further amendments.
- 8.3. Performance Scrutiny will be examining this September's risk review on November 24, 2022.

9. Chief Finance Officer Statement

- 9.1. There are no financial implications arising from developing, monitoring and reviewing the Corporate Risk Register.

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

- 10.1. There are no risks associated with this review.

11. Power to make the decision

- 11.1. Local Government Act 2000.
- 11.2. The Council's Constitution outlines the roles and responsibilities of senior officers and stipulates that clear procedures and processes must be in place to manage risk effectively.

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Corporate Risk Register (September 2022)

Changes are summarised under each risk title summary.

Risk 01: The risk of a serious safeguarding or practice error, where the council has responsibility, resulting in serious harm or death

Lead Member(s): Councillor Gill German and Councillor Elen Heaton

Risk Owner: Nicola Stubbins

September update:

The title has been updated to include 'practice error' (previously 'The risk of a serious safeguarding error, where the council has responsibility, resulting in serious harm or death'). The description and controls have been updated.

The inherent score has increased to reflect the pressures the council is facing and the impacts of changes in the external environment (these are set out in the description). The inherent score has increased from B2 – Critical Risk: Likely / High Impact to A1 – Critical Risk Almost certain / Very high impact. The residual score has increased from D2 – Major Risk: Unlikely / High Impact to A1 – Critical Risk Almost certain / Very high impact.

The risk score has been increased on the basis of our assessment that the chance of this occurring is currently higher than it was previously. Although we do not regard the likelihood as "almost certain to occur in most circumstances" (which is the definition of Risk Likelihood A in our risk methodology), the risk has certainly increased. It therefore feels appropriate to increase the Risk Likelihood score, and that means increasing it from B to A. Increasing the risk score enables the risk to be further prioritised and escalated, which feels appropriate and necessary at this time.

Corporate Risk Register (September 2022)

The impact has been increased because we know the risk is higher in terms of likelihood and despite our controls, we are at the limits of what can be done to reduce the likelihood of the risk. The risk is beyond our appetite.

An actions log is in development to support monthly reviews of the risk and our management by CET. A draft actions log is included for information.

Description

This risk - concerning children and adults at risk - is increasing as the environment is changing, with growing expectations around our duties in relation to third party provision. The cumulative impact of recruitment and retention issues in social care is significantly impacting on the council's ability to deliver statutory social care functions. As at September 2022, we are deeply concerned that a death could occur as a result of insufficient staffing resources.

There is a national recruitment and retention crisis in social care (see also [risk 48](#)). Social care frequently loses staff due to the superior pay and conditions offered by recruitment agencies, other local authorities and the health board, often for similar but less demanding roles. Our services are often only able to replace experienced staff with newly qualified or inexperienced workers that require significant support and are unable to independently work with the increasingly complex cases referred to the service. Many new starters are younger, newly qualified staff and rates of maternity leave in some teams are high.

There were already reported shortages in social care and health sector. However, an impact of Covid-19 is a significant movement of the workforce away from social care and health. As described above, fewer social workers are entering the profession than are leaving. The market is extremely competitive and there is no national pay structure in place in the sector (like there is for education). Other employers offer more competitive and attractive packages that the council cannot compete with.

At the same time, caseloads are becoming more complex and are increasing. There is a risk of people not being supported, or not being seen with the right intensity.

Corporate Risk Register (September 2022)

Recruitment and retention challenges, together with more demanding cases and workloads, are impacting social care services' ability to deliver its statutory responsibilities; are placing increased pressure on remaining staff in the teams, negatively impacting their well-being and increasing levels of unplanned absence.

Failure of social care services to deliver its statutory responsibilities could result in:

- Death, injury or neglect to vulnerable citizens and their carers
- Legal challenge
- Financial damage
- Reputational damage
- Sanction by Regulatory Body

Anticipated direction of travel:

This has been a static risk that consistently features in our corporate risk register. However, the impact of Covid-19, the continued pressures with recruitment and retention, the deterioration in the economy and the pressures people are facing, have all escalated this risk in terms of its inherent and residual risk scores. We will ensure continued extremely close management at the most senior operational, corporate and political levels of the council, and we continue to raise this risk at a national level.

Impact / Consequences

- Individual(s) experience significant harm or death.
- Significant reputational loss.
- Possible intervention by Welsh Government or Care Inspectorate Wales.
- Legal/compensation costs.
- Poor staff well-being and sickness

Inherent Risk

A1 – Critical Risk Almost certain / Very high impact

Corporate Risk Register (September 2022)

Controls to Manage Risk (in place)

In addition to the controls listed further below, CET has introduced a key actions log to aid monthly risk reviews. Please note this log is in draft.

Level	Action	Owner(s)	Latest update (narrative and date)
Operational	Line managers to closely manage staff and their workloads to ensure staff morale and health and well-being	Ann Lloyd, Interim Head of Service, Business Support Services David Soley, Interim Head of Service, Operational Services Rhian Morrle, Head of Children Services	
	Weekly meetings between line and middle managers and Heads of Service	Ann Lloyd, Interim Head of Service, Business Support Services David Soley, Interim Head of Service, Operational Services Rhian Morrle, Head of Children Services	

Corporate Risk Register (September 2022)

<p>Operational</p>	<p>Operational decisions are informed by a risk-based assessment on a daily basis, prioritising for example, child protection</p>	<p>Ann Lloyd, Interim Head of Service, Business Support Services</p> <p>David Soley, Interim Head of Service, Operational Services</p> <p>Rhiain Morrllle, Head of Children Services</p>	
<p>Corporate</p>	<p>Safeguarding to be a standing item on CET agendas whereby this log and the risk register is to be reviewed every month</p>	<p>Nicola Stubbins, Corporate Director</p>	
<p>Corporate</p>	<p>Deliver actions of the Recruitment in Social Care Group</p>	<p>Nicola Stubbins, Corporate Director</p>	
<p>Political</p>	<p>Heads of Service to discuss safeguarding and recruitment and retention at their regularly 121 meetings with their Lead Members</p>	<p>All Heads of Service</p>	

Corporate Risk Register (September 2022)

<p>Political</p>	<p>Cabinet at Cabinet briefing to review the risk register and the actions log every two months (agenda item or part of 'state of the nation'- TBC)</p>	<p>Councillor Gill German and Councillor Elen Heaton</p>	
<p>Political</p>	<p>Work with Welsh Government and WLGA, and other national bodies, to address issues we are unable to tackle at a local level, eg a national pay structure for social workers</p>	<p>Nicola Stubbins, Corporate Director</p>	

Critical controls:

- Risk focus session for CET took place (October 17, 2022) urgently following the escalation of this risk and discussion at CET on October 13, 2022. CET agreed to develop a key actions log, which it will review every month. The log contains critical operational, strategic and political actions the council is undertaking to manage this risk.
- [Governance and Audit Committee received a report on October 4, 2022](#), about a Care Inspectorate Wales inspection. The report highlighted recruitment and retention challenges and the Committee was reassured that safeguarding was being managed as a critical risk on the council's corporate risk register and that steps were being taken to try to alleviate the situation.
- Meetings with Welsh Government have taken place to discuss the extent of our concerns and how the risk has escalated. We are having internal meetings involving

Corporate Risk Register (September 2022)

CET, and with the Leader and lead members. There has been some future movement on a draft memorandum, which is being led by Social Care Wales.

- Ongoing discussions with HR are taking place and we are taking action as part of our efforts to resolve recruitment and retention issues in social care and health and more widely across council service ([see also controls for the recruitment and retention risk 48](#)). A new group has been established looking at recruitment issues in social care. This is chaired by Nicola Stubbins, who escalates issues, when appropriate, to CET. An action plan has been developed and is being delivered for social care workers. This includes a review of career grades. A new recruitment specialist has been created to support the delivery of the project plan.
- The Corporate Director presented the situation to the WLGA in September 2022. WLGA is gaining momentum in its work to support local authorities on this.
- We have a statutory responsibility for safeguarding and the operational delivery of our statutory functions, alongside our partners', are our critical controls to mitigate the risk. Other services, and our wider corporate response, is about understanding and awareness so that people know what to do if and when they have concerns about a person or family's welfare.

Ancillary controls (*newest first*):

- We have asked other councils in North Wales how they are evaluating and managing any safeguarding risks on their corporate risk registers.
- We have responded to a Welsh Government call for evidence regarding independent schools' legislation and guidance in Wales. Some of the proposed changes to safeguarding are a direct result of issues and concerns raised by Denbighshire County Council.
- The North Wales Safeguarding Children Board Local Delivery Group, developed by Denbighshire, has been recognised as good practice.
- The Corporate Parenting Forum continues to progress well and is well attended.
- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.

Corporate Risk Register (September 2022)

- Safeguarding policy and procedures are in place. The Corporate Safeguarding Policy has been reviewed and updated in line with new legislation.
- Corporate Safeguarding Training Programme.
- Framework of self-assessment for schools in relation to safeguarding has been established.
- Section 28 audit tool in place for voluntary sector to ensure safeguarding practices are in place.
- Compliance with safeguarding practises is part of the annual HR audit of schools.
- Regional arrangements for safeguarding a) children and b) adults at risk are in place. The regional safeguarding boards set priorities and actions regionally, e.g. training and policies & procedures. This includes, for example, working in partnership with North Wales Police on such issues as County Lines.
- Risk assessments in place for recruiting staff who require a DBS check and/or references and this is monitored and scrutinised by the Corporate Safeguarding Panel.
- Safeguarding policy review has taken place with Schools and new guidance has been developed
- Key posts within the Council that could have an impact on safeguarding have been identified and Heads of Service are reviewing the posts to ensure that adequate checks are undertaken by the Council or and external body. All new employee contracts make reference to safeguarding.
- Corporate Safeguarding Panel has been reviewed including the terms of reference, roles and responsibilities.
- Heads of Service have been asked to ensure they consider safeguarding when reviewing their risk registers and that safeguarding be included in service challenge where appropriate.
- Briefing sessions on safeguarding and Child Sexual Exploitation have been delivered to County Council. Safeguarding features in three Cabinet Members' portfolios.
- Improvements have been made to safeguarding arrangements with contractors including (i) DBS contract checks, (ii) ensuring that Council staff responsible on site for the contractor and managing the tendering / contract process are clear of their

Corporate Risk Register (September 2022)

responsibilities in respect of safeguarding, (iii) ensuring contracts terms and conditions (including JCT) in relation to DBS checks are appropriate, (iv) ensuring that self-assessment arrangements as part of contract management are appropriate.

- Safeguarding e-learning module in place and compliance is monitored and scrutinised by the Corporate Safeguarding Panel.
- Recording and sharing safeguarding incidents and near misses is a standing item of the Corporate Safeguarding Panel. It also shares case reviews where there is a corporate perspective for lessons learned. Service representatives are responsible for reporting any key messages from panel meetings to members of staff within their services.
- Adoption of new Wales Safeguarding Procedures.

Relevant indicators of the effectiveness of controls:

- SHR102m: The percentage of eligible staff that have an up-to-date DBS (DCC)
- SHR103m: The percentage of eligible staff that have an up-to-date reference check or risk assessment (DCC)
- SHR104m: The percentage of eligible staff that have an up-to-date DBS (schools)
- SHR105m: The percentage of eligible staff that have an up-to-date reference check or risk assessment (schools)
- LHRD47i: Percentage of employees that have completed all 9 mandatory e-learning modules by the end of the year

Assurance:

- A report about recruitment and retention will be presented to Governance and Audit Committee in November 2022.
- A review of recruitment and retention will be undertaken by Internal Audit during January and March 2023.
- A follow up inspection “Assurance Check” was undertaken in Denbighshire by the Care Inspectorate Wales between June and July 2021. The follow up inspection highlighted improvements in safeguarding as well as some areas for further

Corporate Risk Register (September 2022)

development. A report taken to [Governance and Audit Committee](#) on October 4, 2022.

- The North Wales Safeguarding Children Board Local Delivery Group, developed by Denbighshire, has been recognised as good practice.

Residual Risk

A1 – Critical Risk Almost certain / Very high impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Critical risk. Risk Appetite suggests that this should be at most a minor risk. The Risk Owner has confirmed that the scoring accurately reflects the current risk to the council.

Corporate Risk Register (September 2022)

Risk 06: The risk that the economic and financial environment worsens beyond current expectations, leading to additional demand on services and reduced income.

Lead Member(s): Councillor Gwyneth Ellis

Risk Owner: Steve Gadd

September update:

The description, anticipated direction of travel and controls sections have been updated.

The action to “Gain approval the medium term capital strategy” has been extended to 31/12/2022.

A thorough consideration of this risk in light of recent economic events, and uncertainty over short to medium term projections, has taken place. The risk score has not changed.

Description

The Local Government Settlement for 2022 to 2023 included indicative average settlement increases of 3.5% for 2023 to 2024 and 2.4% for 2024 to 2025 (estimated DCC figures would 3.3% and 2.2%). Although this was very welcome from a planning perspective it does indicate that difficult decisions will be required over the coming years. Since then however there have been a growing list of significant economic and demand pressures related to inflation (e.g. pay, energy), social care, waste budgets, benefits, the supply of goods and services in the supply chain (and the impact on our capital plan).

The economy has suffered several shocks in recent years. Leaving the European Union, Covid-19, war in Ukraine and increases in cost of living. Recent economic sanctions imposed on Russia have added further tension to the global economy. Cost of fuel, goods and services have increased and led to concerns around the level of inflation in the UK, prompting The Bank of England to increase base rates and predictions currently expect this trend to continue. Higher, or increasing, interest rates will place mounting pressure on businesses and communities across Denbighshire.

Corporate Risk Register (September 2022)

The current projections of pressures indicate that pressures of £19m at least in each of the next two years will require funding. Even after taking into account an annual Council Tax increase of 3.8%, and the indicative RSG settlements eluded to above, shortfalls remain in excess of £8-9m in each year. Similar pressures are being experienced by other Welsh local authorities.

Supply of goods and services include:

- Labour shortages and vacancies across sectors leading to delays
- Fuel costs, commodity (including food) supply and price increases (including in transport and freight, and in relation to supply of goods)

According to the Local Government EU Advisory Panel, which last met in January 2022, business operations are trying to adapt to the new situation and will probably face changes for the foreseeable future.

These pressures are all monitored closely and regularly by senior managers, including the Section 151 Officer.

What is more, increases to the cost of living is becoming an increasing risk to the council, whereby our capacity to support people struggling with the cost of living may be limited or people may make decisions about how they allocate their household budget, prioritising rent or mortgage over council tax, for example.

Anticipated direction of travel:

We have some control around the impact of this risk but not the likelihood of it occurring. The outlook has deteriorated significantly over the last six months, worsening over the last few weeks. The outlook for public bodies has worsened very recently, and we are expecting a return to austerity - at least in the near term. We continue to work closely with the WLGA and Welsh Government to ensure everyone is aware of the situation.

Corporate Risk Register (September 2022)

Impact / Consequences

- The council suffers from a significant reduction in income, leading to an inability to deliver current levels of service provision.
- The council experiences increased costs.
- The council's ambition and the scope of projects and programmes are curtailed due to increased costs.
- Increases in cost of living leads to reduced income for the council, eg reduced council tax.

Inherent Risk

B1 – Critical Risk: Likely / Very High Impact

Controls to Manage Risk (in place)

The council has no control over the global economy or the WG settlement. Therefore, the inherent and residual risk scores are likely to remain high.

Critical controls (newest first):

- The new Lead Member has agreed the continuation of existing financial management processes, which include the operation of the Budget Board.
- Our level of financial reserves are kept at a sensible level so that shocks to economy can be dealt with.
- The collaborative approach to partnership working and sharing lessons learned during the Covid-19 pandemic (with Welsh Government and the Welsh Local Government Association) has been mutually beneficial and we hope that this same approach could be established should we experience further economic shocks in the future. Working collaboratively, pan Wales, has been an effective way to develop solutions.
- The Section 151 Officer reports regularly to the Budget Board. We are continuing to implement the capital contingency budget, and seek approvals from the Budget Board.

Corporate Risk Register (September 2022)

- The new budget process worked well last year and continues to be the model we use to deliver a balanced budget. It aims to capture 'small' scale budget flaws (under £100k), identify key strategic budget pressures (over £100k) and aims to ensure a full picture of pressures can be considered in a timely manner and are managed more closely.
- We try to reduce the likelihood of this risk occurring, where we can, for example through individual, regional, national lobbying and through other meetings/fora.
- Annual, detailed budget setting process that considers economic environment
- The Medium Term Financial Plan (MTFP) contains different scenarios to ensure it can deal with changes in the external environment, and is considered on a quarterly basis: it has revised its expectations further downwards. Also considered in annual budgets and a range of proposals could be implemented should cuts be incurred.
- A robust budget-setting process raises awareness of implications of significantly reduced income due to the economic environment. It also identifies a range of proposals should cuts be incurred.
- Regular (usually monthly) financial planning meetings between services and management accountants are in place.
- Services routinely monitor supply issues and cost increases.
- The Procurement Team supports services to ensure value for money and explore collaborative procurement where that may be a possibility.
- Service's budgets and budget proposals are scrutinised by the Lead Member for Finance and the Head of Service during budget-setting talks.

Ancillary controls (*newest first*):

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- We provide clear communications around financial challenges and the budget process to Members and we try to ensure our residents are informed about how the council is funded and spends its funds.

Corporate Risk Register (September 2022)

Relevant indicators of the effectiveness of controls: The Head of Finance and Property's service plan includes key performance indicators that are associated with effective management of this risk and he provides a monthly budget report to Cabinet.

- FAH201m The % of required efficiency savings identified for next year (Quarterly)
- FAH202m The % of required efficiency savings achieved for this year (Quarterly)
- Council reserves (£k)

Assurance:

- Risk Management Internal Audit Review 2021
- Capital Management Internal Audit Review 2021
- High level coverage in Project Management Internal Audit Reviews
- Audit Wales – Financial Sustainability Assessment 2020-21

Residual Risk

B2 – Critical Risk: Likely / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Critical risk. Risk Appetite suggests that this should be at most a moderate risk. The Risk Owner has confirmed that they are comfortable that the scoring accurately reflects the current risk to the council.

Further Actions

- 1. Gain approval the medium term capital strategy**
- 2. Action Due Date: 31/12/2022**

Person Responsible: Steve Gadd

Corporate Risk Register (September 2022)

Risk 11: The risk of an ineffective response to a serious event, such as severe weather, contamination, public safety, cyber-attack, or a public health event (such as Covid-19).

Lead Member(s): Councillor Barry Mellor, Councillor Julie Matthews and Councillor Win Mullen-James

Risk Owner: Graham Boase

September update:

Description and controls have been updated.

The risk score has not changed.

Description

Serious unexpected events can occur at any time.

Services plan for the impact of expected seasonal variations in weather, but severe weather events, including extreme heat, wild fires as well as flooding, can impact on public safety and service delivery.

Similarly, we put plans in place to monitor food, water and air quality, but any contaminations can impact on service delivery, as would any viral pandemics.

Cyber-attacks can affect our ability to provide services electronically, putting our business continuity plans to the test, and the same applies to major IT service failures. The risk of cyber-attack has very recently increased due to war in Ukraine, with increased potential for infiltration resulting in destabilisation. Across the UK, since March 1, 2022, we have been on a heightened level of alert in relation to cyber-attack.

In terms of terrorism, the current national threat level to the UK (England, Wales, Scotland and Northern Ireland) from terrorism is “substantial”.

Corporate Risk Register (September 2022)

Public health events, such as Covid-19, put terrific strain on organisations such as ours, impacting on service delivery, project timescales, staff capacity, and of course finances. It also challenges the resource capacity of partners and providers that we work with.

Our approach to this risk is to avoid the risk or minimise the impact of the risk should it occur in the first instance, and this is supported through, for example, adherence to Public Sector IT standards, or flooding management schemes.

Anticipated direction of travel:

We expect this to be a static risk that consistently features in our corporate risk register. This ensures continued close management at the most senior operational, corporate and political levels of the council. We will closely monitor this risk in relation to events in the Ukraine, together with our usual approach to managing severe weather, and should there need to be further management of Covid-19. We will review the risk once the new emergency planning response review, which will identify the council's senior responsible officer for emergency planning, is complete.

Impact / Consequences

- Significant disruption to core services.
- Serious injury or fatality due to road network closure, poisoning or infection.
- Reputational risk to the council if unable to deal with issues.
- Inability to deliver front line services (as a result of staff shortages for example).
- Temporary loss of data.
- Significant cost pressures to our budget.

Inherent Risk

A2 – Critical Risk: Almost Certain / High Impact

Controls to Manage Risk (in place)

Critical controls (newest first):

Corporate Risk Register (September 2022)

- We are reviewing emergency planning alongside our senior leadership restructure. This will identify the council's senior responsible officer for emergency planning going forward. In the meantime, the Corporate Director: Economy and Environment chairs meetings of all the chairs of various response groups in emergency planning and is also attended by regional emergency planning representatives. The purpose of this group includes to provide assurance that systems are in place and to test procedures.
- We undertake regular reviews to ensure ICT systems are secure, including making updates to our Firewall.
- ICT receives time critical updates from central bodies such as the National Cyber Security Centre.
- We work to strict public sector ICT standards and have Service business continuity plans in place.
- A report with a proposal to review our emergency planning response structure/processes was considered by the Strategic Emergency Management Team and SLT in September 2021.
- Covid-19 Control: SEMT met on a regular basis and responded to the initial Covid-19 emergency. Covid-19 strategic management controls are have been stepped down.
- A report went to SLT in the Autumn 2021 to review lessons learned from our response to Covid-19, from an emergency planning perspective.
- The control environment in this area is the Regional Emergency Planning Service (Wrexham, Flintshire, Denbighshire, Conwy, Gwynedd and Anglesey), and local emergency management response groups have been established. There is significant partnership working with a regional emergency planning team coordinating plans and responses across North Wales.
- We also continually review our procedures for winter highways maintenance and flood response. Secondary rota established and operational.
- Service disruption is minimised through our arrangements for business continuity and emergency planning, with separate Directors responsible for Response and Recovery.
- There's an emergency on-call rota in place.

Corporate Risk Register (September 2022)

- Vulnerable people mapping tool is in operation.
- Planning and Public Protection has plans in place to manage responses to pandemics such as bird flu or foot and mouth for instance, with a focus on how we will work with partners in such times.
- We have set up a WhatsApp Business Continuity communication network, which has been tested in an internal council Business Continuity exercise (April 2019).

Ancillary controls (*newest first*):

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- An annual Emergency Planning Response report is taken to SLT, the Lead Member and Partnerships Scrutiny, as requested, every year.
- New chairs for the Communications and Operational Response Groups have strengthened arrangements.
- Gold & Silver training in place for new representatives.
- Deputies for Chairs of response teams appointed.
- Trial business continuity exercise took place in the council in October 2017. Overall the exercise was successful.

Relevant indicators of the effectiveness of controls:

- FINPROPHS1001: RIDDOR accident rate (National measure – No. of RIDDOR x 100,000 / No. of FTE employees)
- BIM208i: Denbighshire County Council achieves Public Services Network (PSN) security Standard compliance (0 = pass; 1 = fail)

Qualitative indicators:

- Production, and where needed implementation of, Service business continuity plans
- Establishment, uptake and effectiveness of emergency rest centres.

Corporate Risk Register (September 2022)

(Please note: some of these indicators are only measured should a serious event occur)

Residual Risk

C3 – Moderate Risk: Possible / Medium Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes

Corporate Risk Register (September 2022)

Risk 12: The risk of a significantly negative report(s) from external regulators.

Lead Member(s): Councillor Gwyneth Ellis and Councillor Jason McLellan

Risk Owner: Nicola Stubbins

September update:

The description and controls have been updated.

The risk score has increased from D3 – Moderate Risk: Unlikely / Medium Impact to C3 – Moderate Risk: Possible / Medium Impact. This increase in likelihood is as a result of increased risks elsewhere (such as [risk 01](#)), and the anticipated critical feedback the social care and health sector across Wales, is likely to receive in coming months.

Description

Negative reports from regulators could lead to a range of impacts that could be negative for Denbighshire County Council. The council is committed, however, to responding to reports and working with partners, including external regulators, to addressing any concerns that may arise.

Our relationships with external regulators are very important. We need mutual confidence in our relationships to ensure the best possible outcomes in terms of service improvement and shared learning. We ensure we alert external regulators to issues that may be becoming problematic early on, and we work closely with them on programmes of work to share learning more widely.

Most recently, a follow up inspection “Assurance Check” was undertaken in Denbighshire by the Care Inspectorate Wales between June and July 2021. The follow up inspection highlighted improvements in safeguarding as well as some areas for further development. The interim management arrangements in Education and Children’s Services - noted as an issue - have since been settled. However, we now have two interim head of service leads in Community Support Service. The Council is aware of the need for stable and

Corporate Risk Register (September 2022)

consistent management and it is being managed closely. A report was due to be taken to [Governance and Audit Committee](#) on September 21, 2022, but has been cancelled while public meetings cease during a period of national mourning. The meeting will be rescheduled.

A further piece of work, this time focussed on children's services highlighted some issues, such as - once again - recruitment. CiW is currently undertaking a national study of child placements in unregulated settings. We will likely have an update on this in our next report.

A paper about Audit Wales's report about commissioning older people's care homes has been presented to Governance and Audit Committee. This was a national study that included a review of regional arrangements, including in North Wales.

Anticipated direction of travel:

The score has been considered in relation to current performance and is felt to be accurate. The current position is generally positive. We expect this risk to always feature in our corporate risk register, but one that may increase or decrease in line with other factors. This risk will continue to be reviewed regularly to ensure all necessary controls are effective and operating as they should be.

Impact / Consequences

- A wider lack of confidence in council services.
- Reputational damage.
- Potential intervention by the WG.
- Significant resources may be required to be diverted to deliver immediate and substantial change.

Inherent Risk

C2 – Major Risk: Possible / High Impact

Corporate Risk Register (September 2022)

Controls to Manage Risk (in place)

Regulation we are subject to includes: CIW (Care Inspectorate Wales); WAO Office; Estyn; HSE (Health & Safety Executive); ICO (Information Commissioner's Office). Information, studies and other reports are also published by other commissioners such as the Welsh Language Commissioner for Wales or the Older People's Commissioner for Wales.

Critical controls:

- Relationship management and ongoing communication with external regulators.
- The corporate performance management framework (PMF) is the main control in this area.
- Interim Head of Business Improvement & Modernisation, Strategic Planning Team Manager and Head of Audit meet monthly with Wales Audit Office to understand and respond to their concerns.
- Regulators sit on Service Performance Challenges.
- Protocol developed for addressing recommendations from WAO national studies: services' response will be the subject of performance scrutiny and service challenge.

Ancillary controls (newest first):

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- Annual Governance Statement and Performance Self-Assessment are aligned.

Relevant indicator of the effectiveness of controls:

- CH012i: The number of negative reports from external regulators

Assurance:

Corporate Risk Register (September 2022)

- See the [description](#) for a detailed update on assurance reports.
- Internal Audit reviews forward work programme
- External regulatory bodies. For example, CIW monitor progress through routine performance review activities and through a CIW local authority risk based approach to inspection planning. CiW is currently undertaking a national study of child placements in unregulated settings.

Residual Risk

C3 – Moderate Risk: Possible / Medium Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes

Corporate Risk Register (September 2022)

Risk 13: The risk of significant liabilities resulting from alternative models of service delivery

Lead Member(s): Councillor Julie Matthews

Risk Owner: Steve Gadd

September update:

The description and controls have been updated.

The risk score has not changed.

Description

We have a small number of alternative service delivery models (ASDMs) in place currently, for example revenues and benefits and leisure.

Liabilities could arise due to financial, HR, safeguarding, or governance problems and could impact on the sustainability of service provision.

This risk was impacted by Covid-19 but Welsh Government provided significant financial support during Covid-19 restrictions to cover the significant loss of income (the income loss would have occurred regardless of the establishment of the ASDM). The year 2022 to 2023 will be the first year of Denbighshire Leisure Limited functioning without Covid-19 restrictions (at least none are anticipated as at September 2022).

Civica will be moved back in-house from late autumn 2022.

Anticipated direction of travel:

Any income losses between 2021 and 2022 were been covered by the Covid-19 grant from Welsh Government. The year 2022 to 2023 will be the first year of Denbighshire Leisure Limited functioning without Covid-19 restrictions (at least none are anticipated as at September 2022). The risk will continue to be monitored but no significant issues have been raised so far.

Corporate Risk Register (September 2022)

Impact / Consequences

- Financial liabilities.
- Property Liabilities.
- Reduction in levels / quality of service provided to the community, or increased revenue costs to continue delivery.
- Collapse of company
- Reputation damage to the council
- Safeguarding to include protection of all assets (physical & intellectual Information)

Inherent Risk

B2 – Critical Risk: Likely / High Impact

Controls to Manage Risk (in place)

Critical controls (newest first):

- The contract management framework that is being developed will distinguish between the types of contract and the management arrangements that are needed.
- The framework will support officers to evaluate the risk of the contract to ensure effective monitoring and management is in place. CET has requested to look at contract management in more detail.
- We do have a contingency budget, should we need it.
- There is robust project governance in place for Civica (managed as a project using Verto) and plans to bring the service back into house, which would also achieve some savings, have been approved in principle by Cabinet.
- Covid-19: Financial support and/or subsidies are being provided by Welsh Government.
- A rigorous process is in place to ensure appropriate governance arrangements are in place as ASDMs are established.

Corporate Risk Register (September 2022)

- Effective contract management arrangements are in place and appropriate monitoring is carried out throughout the life of the contract, including to ensure compliance with current legislation and approved accredited standards as appropriate.
- Council is entitled to representation on Boards, and Heads of Service providing strategic advice to facilities.
- Intervention measures are exercised by the council if relationships with arm's length organisations are difficult to manage.
- Resources have been committed to improve financial monitoring of facilities and services
- A register of all ASDMs was created some time ago.
- Processes are in place to manage relationships between the council and Arm's Length organisations.

Ancillary controls (newest first):

- Monthly operational board meetings.
- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- [ASDM Toolkit is available on our website](#)
- Heads of Service advise the council on any emerging issues and risks.
- Ensure best practice / lessons learned is applied to our robust contract and relationship management of ADM models.

Relevant indicators of the effectiveness of controls:

- FIN309a Ensuring best value and effective monitoring of the contract with Civica through the Strategic and Operational Boards meetings
- FIN310a Ensuring best value and effective monitoring of the contract with Citizens Advice Denbighshire through the Strategic and Operational Boards meetings

Corporate Risk Register (September 2022)

- FIN318a Ensuring efficient monitoring of the contract with Denbighshire Leisure Ltd, effective monitoring of the contract, ensuring financial sustainability
- BIM208m The number of incidents of ICT procurement NOT going through the ICT Service

Residual Risk

C2 – Major Risk: Possible / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Critical risk. Risk Appetite suggests that this should be at most a moderate risk. The Risk Owner has confirmed that they are comfortable that the scoring accurately reflects the current risk to the council.

Corporate Risk Register (September 2022)

Risk 14: The risk of a health & safety incident resulting in serious injury or the loss of life. (Where H&S is referred to, this incorporates fire safety)

Lead Member(s): Councillor Julie Matthews

Risk Owner: Steve Gadd

September update:

The risk has been reviewed and the controls have been updated. The risk score has not changed.

Description

This could be as a result of unsafe acts, unsafe work places or ineffective H&S management.

Anticipated direction of travel:

This impact of this risk had previously been heightened as a consequence of risks associated with Covid-19. The risk has been reviewed and is considered to be static.

Impact / Consequences

- Serious injury or death of an employee and/or any other person.
- Significant reputational damage
- Substantial legal/litigation costs.
- Criminal prosecution of staff or the organisation.

Inherent Risk

C2 – Major Risk: Possible / High Impact

Corporate Risk Register (September 2022)

Controls to Manage Risk (in place)

Critical controls (newest first):

- Covid-19 restrictions have been removed. Many staff continue to work from home some or most of the time. The New Ways of Working Project team, led by our Corporate Director: Communities, continues to monitor the situation. There may be risks associated with a potential lack of fire wardens and first aiders in the office buildings under these current working arrangements. This is being explored and any actions or solutions identified will be added to our controls.
- Strategic leadership is provided by the Head of Finance & Property, with delegated responsibility for Health and Safety.
- Competent H&S advisors are employed by the organisation to provide support, guidance and training on H&S.
- A Corporate Health and Safety Policy is in place, which defines the H&S organisation and arrangements in the council.
- There is an established H&S Management System in place.
- H&S training program focussed on council activities and the way we manage H&S.
- “Managing safely in Denbighshire” training is mandatory for all managers.
- The corporate H&S team carry out a program of targeted monitoring
- An online accident, incident reporting process is in place. There is an expectation that all accidents and incidents are reported

Ancillary controls (newest first):

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- An established Corporate H&S Committee is in place which is a forum for the employer and employee representatives to discuss and consult on H&S.
- A number of service level H&S committees meet to provide a forum for service managers and employee representatives to discuss and consult on H&S.

Corporate Risk Register (September 2022)

- Significant H&S related accidents, incidents and near misses are investigated internally.
- Schools have effective health and safety practices.

Relevant indicators of the effectiveness of controls:

- FINPROPHS1001 RIDDOR accident rate (National measure – No. of RIDDOR x 100,000 / No. of FTE employees)
- FAH123m The percentage of properties with asbestos where a re-inspection has been carried out in line with the asbestos management plan
- FAH119m The percentage of properties with a valid Fire Risk Assessment (*please note asbestos, fire, water, gas, electricity etc. are building compliance risks rather than health and safety risks, although failure to manage will have a health and safety impact*)
- Gas servicing, fixed wire testing and water hygiene are relevant indicators that are also monitored regularly

Residual Risk

E2 – Moderate Risk: Rare / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes. Risk Appetite suggests that this should be at most a cautious risk.

Corporate Risk Register (September 2022)

Risk 18: The risk that programme and project benefits are not fully realised.

Lead Member(s): Councillor Gwyneth Ellis

Risk Owner: Graham Boase

September update:

The description and controls have been updated.

The risk score has not changed.

Description

This risk touches on elements of other risks in our corporate risk register. But specifically, in relation to benefits realisation, there is a real risk of lack of capacity or focus that could result in us not delivering our commitments, partly or wholly. There are reputational and financial consequences, especially where significant funding is coming from Welsh and UK governments, that could affect their confidence in us in the future.

The council currently does not consistently deliver all benefits from projects. Some of the issues include: inconsistent management; resistance to change; staff behaviour and processes not changing as planned. Programmes to be mindful of include: Corporate Plan Board, Corporate Support Services Review (CSSR), Budget Board, Climate and Ecological Change Programme, the regional Growth Deal.

A number of programmes and projects have been, or are still, facing delays as a result of Covid-19. Most recently, fuel and price inflation in the costs of materials is impacting on ability to deliver our capital projects. Welsh Government has recently said:

“In order to assess the materials cost increases the cost parameter we are now working to is the ONS Index for Materials and Components as at 1/9/2021. This will provide an upper limit for agreed cost increases. The index states that overall materials costs have increased by 22% compared to a year ago and this is the upper limit we will use.”

Corporate Risk Register (September 2022)

There are a range of Welsh Government and UK Government funding streams for some of our programmes and projects (eg 21st Century Schools, UK Levelling Up Fund), and expectations around delivery are extremely high.

This risk encompasses risks associated with the council making changes that result in a greater negative impact than we anticipated (formerly risk 00028). When deciding where to make changes, we endeavour to ensure the quality of key services. There is a risk that we haven't identified the correct services as being 'key', and/or that the changes we make are more disruptive than we anticipated.

Anticipated direction of travel:

The risk was heightened in February 2022 to reflect the range of new externally funded programmes we are delivering, or will soon be delivering, together with increasing costs associated with construction projects in particular. With inflation and the recent interest rate increase, together with economic projections not looking favourable for some time to come, the risk score remains the same. Strong controls are in place. However, the risk remains outside our (open) risk appetite and we do not expect it to decrease in the short term.

Impact / Consequences

The forecast changes that were alluded to in business cases do not materialise and, hence, neither do their benefits.

In relation to programmes or projects having a greater positive or negative impact than anticipated could result in the following impacts:

- The council's ambition and the scope of projects and programmes are curtailed due to increased costs.
- Services that are important for our residents are no longer available
- Performance in important areas of our business (for our residents) deteriorates
- Reinstatement/correction in performance is difficult and slow to achieve
- Reputation can suffer if performance deteriorates
- Reputation can suffer if messages are not managed

Corporate Risk Register (September 2022)

- The impact of not fulfilling our programmes and realising benefits could result in poor social, cultural, economic and environmental outcomes.
- Financial liabilities
- Regulatory liabilities
- Deteriorating staff morale
- Inability to meet statutory obligations
- Disproportionate return on investment.
- Failure to maximise opportunities for the benefit of communities and businesses in Denbighshire.
- Failure to agree a regional approach to funding projects.

Importantly, as resources have reduced, there is less capacity to additionally respond to new, emerging and unplanned issues of importance to residents, councillors or partners.

Inherent Risk

B2 – Critical Risk: Likely / High Impact

Controls to Manage Risk (in place)

Critical controls (newest first):

- The content of the new Corporate Plan is being developed with officers and Members. This document will capture the ambition of elected members for their term of office. It will be put forward for ratification in October 2022.
- The development of the new Corporate Plan has been an opportunity for residents, businesses, councillors and partners to consider what to prioritise for the next five years, and we will put in place ambitious but deliverable plans.
- More robust challenge is being directed at project sponsors around costs, contingency allocation and optimism biases; through CET, programme or project boards, at Cabinet, the Strategic Investment Group and through other committees.
- Programmes and projects are developed within robust management and governance systems. Corporate Project register goes to CET on a quarterly basis and provides information about the status of projects.

Corporate Risk Register (September 2022)

- We have a new capital strategy to help us plan over a longer term for capital projects and how we commit capital funding. The new process also sets a communication and engagement plan with a range of stakeholders, which as seen as critical to a successful budget setting process going forward.
- We ensure we have senior-level representation at board meetings. The North Wales Economic Ambition Board is attended by Denbighshire's Leader. Director-level representation is in place for the officer groups that support the Board and relevant key officers are represented on work stream meetings.
- Corporate Programme Office in place.
- Leadership Strategy in place.
- Strategic Planning team will support the Corporate Plan Board, and also support performance management in the organisation, therefore there's a strong alignment between 'change' and BAU.
- Impact assessments are undertaken and form part of the cover report for decisions.
- Risk are considered and form part of the cover report for decisions.
- Use of Verto to record benefit tracking and significant outcomes from projects will be picked up as part of Service Planning process.
- Finance remove savings from budgets to ensure financial savings are delivered.
- Quarterly Performance Reports on the Corporate Plan are sent to SLT, Cabinet and Scrutiny.
- SLT reviews key projects every three months.
- Programme Board members have attended Programme Management training.
- Lead Member for Finance, Performance & Strategic Assets now chairs the Corporate Plan Board, also sitting on the Budget Board. Their involvement in both boards ensures a coherent approach to our programmes and financial planning.
- The Corporate Plan 2017 to 2022 was reviewed at tranche and end of delivery reviews.
- Heads of Service assume responsibility for the implementation of new legislation, supported by the Strategic Planning Team where appropriate.

Ancillary controls (newest first):

Corporate Risk Register (September 2022)

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- As a result of lessons learned previously, Corporate Plan Programme Boards have had a standing agenda item about communications and proactive communications management.
- Communications and stakeholder management are core parts of project briefs, businesses cases and project/programme management.
- The council partakes in government consultations on new legislation (either directly or through the WLGA).

Relevant indicators of the effectiveness of controls:

- CH008i No. of projects on the project register showing as 'compromised'
- PRCORP The percentage of Council projects whose delivery confidence was updated no more than six weeks ago (Corporate Project Register)

Residual Risk

B2 - Critical Risk: Likely / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Critical risk. Our risk appetite statement says that at most, this risk should be a major risk at most. The Risk Owner has confirmed that they are comfortable that the scoring accurately reflects the current risk to the council.

Corporate Risk Register (September 2022)

Further Actions

1. Ensure all of SLT have access to necessary training to support them in their roles as sponsors and to manage interdependencies

Action Due Date: 31/03/2023

Person Responsible: Graham Boase

Corporate Risk Register (September 2022)

Risk 21: The risk that effective partnerships and interfaces between BCU Health Board and Denbighshire County Council (DCC) do not develop, leading to significant misalignment between the strategic and operational direction of BCU and DCC

Lead Member(s): Councillor Elen Heaton

Risk Owner: Nicola Stubbins

September update:

The description and controls have been updated.

The risk score has not changed.

Description

Integrated social care and health services and delivering on the [Social Services and Well-being \(Wales\) Act 2014](#) is a fundamental part of our partnership with the health board and more widely, across North Wales, through the Regional Partnership Board and the North Wales Social Care and Well-being Improvement Collaborative.

Whilst BCUHB is no longer in special measures, health at a local level, and the effectiveness of health and social care working together, is subject to increased political and regulatory scrutiny. This requires a level of scrutiny and a strong commitment to partnership. There is a national agenda to drive effective partnership working.

Relationship management and communication is critical to successful mitigation.

A BCUHB 'Stronger Together' restructure is still planned and the current Chief Executive is retiring. An internal BCUHB consultation document was shared with Denbighshire County Council. There are some significant changes proposed to the structure of the Board, which will have a direct impact on the relationship with the council.

Corporate Risk Register (September 2022)

The proposal currently sets out a new structure that, for the central area, will comprise of acute, community and primary care. There is a risk that the community agenda will be overshadowed by acute care. The approach of BCUHB in respect of regional collaboration (eg the Regional Partnership Board) is currently unclear. The area's new Director lead within BCUHB will be a clinician (this role has never required a clinician as a prerequisite), and we will strive to develop a new working relationship within them as they implement the new structure, once it is approved. There are opportunities, but we have concerns about the timeliness of decision making in the intervening period. There are an increasing number of interim posts, and this is affecting decision making and there is some organisational memory loss.

A restructure of Denbighshire County Council is also being planned but it is too early to say what that will mean, if anything, for our relationship with BCUHB. Our Corporate Director remains the main interface for this risk.

As at September 2022, there is a great deal of focus on challenges in acute hospitals and delayed transfers of care.

Anticipated direction of travel:

The longer term impact of Covid-19 is becoming apparent but is by no means fully understood. The catch up required in routine/planned treatment, exacerbated health inequalities and hidden harms (due to not having treatment, mental health impact of Covid-19), all create a potential for challenge in the system, and therefore the relationship, which could affect delivery of integrated social care and health services in Denbighshire. The funding arrangements with Welsh Government create an ongoing friction.

The partnership arrangements and relationships we have built means there is enough interface and opportunity to deal with issues before they become significant problems.

However, there is a possibility that this risk could increase in terms of both likelihood and impact (and sit further beyond our risk appetite) - certainly before and during the proposed restructure - should our controls be ineffective.

Corporate Risk Register (September 2022)

Impact / Consequences

- Inefficient services
- Gaps in service provision
- Delays/failure to deliver joint projects
- Reputational damage
- Ability to meet statutory duties - Well-being of Future Generations Bill, Social Services and Well-being Act

Inherent Risk

A1 – Critical Risk: Almost certain / Very high impact

Controls to Manage Risk (in place)

Critical controls (newest first):

- BCUHB is engaging and consulting all councils in the region on their proposals, and councils are working together to consider their response to these proposals.
- The council will form part of two interview panels for two posts within the proposed structure.
- The Regional Partnership Board and the North Wales Social Care and Well-being Improvement Collaborative have reviewed needs in relation to social care and health services as part of our population needs assessment (Social Services and Well-being (Wales) Act 2014).
- Until the restructure is implemented, the Central Area Integrated Services Board is in place and a BCUHB Area Director in place.
- Two Community Resource Teams have been established.
- The Regional Partnership Board is in place to progress cooperation and integration.
- BCUHB is a member of the Conwy/Denbighshire PSB, which has shared priorities and a shared governance vision.

Ancillary controls (newest first):

Corporate Risk Register (September 2022)

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- NWWSIC has reviewed its governance arrangements in partnership with BCUHB.

Relevant indicators of the effectiveness of controls:

- An indicator that could be a measure of the effectiveness of controls is currently under review by Welsh Government (there are some data accuracy issues associated with it): QSCA001 The rate of delayed transfers of care for social care reasons per 1000 population aged 75 or over.

Qualitative indicators that describe what effective management/partnerships looks and feels like may be more appropriate in this instance. Such as, governance (eg Regional Partnership Board) and service level agreements, Memorandums of Understanding.

Assurance:

- Audit Wales has examined Regional Partnership Boards' commissioning of older people's care homes recently and a report was [presented to Governance and Audit Committee](#) in March 2022.

Residual Risk

C2 – Major Risk: Possible / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Major risk. Risk Appetite suggests that this should be at most a moderate risk. The Risk Owner has confirmed that they are comfortable that the scoring accurately reflects the current risk to the council.

Corporate Risk Register (September 2022)

Risk 27: The risk that even if the settlement is as anticipated, decisions that are necessary to identify and deliver the savings programme and enable a balanced budget are not taken or implemented quickly enough

Lead Member(s): Councillor Gwyneth Ellis

Risk Owner: Steve Gadd

September update:

The description and controls sections have been updated.

The risk score has not changed.

The further action has been extended to 31/12/2022.

Corporate Risk Register (September 2022)

Description

The Local Government Settlement for 2022 to 2023 included indicative average settlement increases of 3.5% for 2023 to 2024 and 2.4% for 2024 to 2025 (estimated DCC figures would 3.3% and 2.2%). Although this was very welcome from a planning perspective it does indicate that difficult decisions will be required over the coming years. Since then however there have been a growing list of significant economic and demand pressures related to inflation (e.g. pay, energy), social care, waste budgets, benefits, the supply of goods and services in the supply chain (and the impact on our capital plan).

The economy has suffered several shocks in recent years. Leaving the European Union, Covid-19, war in Ukraine and increases in cost of living. Recent economic sanctions imposed on Russia have added further tension to the global economy. Cost of fuel, goods and services have increased and led to concerns around the level of inflation in the UK, prompting The Bank of England to increase base rates and predictions currently expect this trend to continue. Higher, or increasing, interest rates will place mounting pressure on businesses and communities across Denbighshire.

The current projections of pressures indicate that pressures of £19m at least in each of the next two years will require funding. Even after taking into account an annual Council Tax increase of 3.8% and the indicative RSG settlements eluded to above, shortfalls remain in excess of £8-9m in each year. Similar pressures are being experienced by other Welsh local authorities.

Any plans require the approval of Council, and must be implemented in a timely manner that complies with legislation. While the budget process has been successful to date there are still substantial future savings to be made by the local authority and the political environment remains sensitive.

As decisions are becoming harder lead in times are becoming longer. Decisions may become more challenging as the financial and economic environment becomes tighter.

The Head of Finance and Property's service plan includes key performance indicators that are associated with effective management of this risk (for example, the percentage of

Corporate Risk Register (September 2022)

savings achieved and the percentage of savings that are needed for the following year that are identified).

The investments and supply structures held by the council and its commissioned services could be placed in an uncertain position depending on the value of the pound. This is particularly of issue in the viability of some residential care homes, and the subsequent risk to the council if any of those private providers were no longer sustainable.

Anticipated direction of travel:

This risk remains outside of our risk appetite, and has the potential to worsen, as the scale of financial challenge has become clearer. The outlook for public bodies has worsened very recently, and we are expecting a return to austerity - at least in the near term.

Services have already made significant savings over the last 12 years and it is increasingly likely that further savings will result in reductions in service which will be more difficult to prioritise and deliver.

Impact / Consequences

- Denbighshire overspends on its budget.
- Denbighshire cannot deliver savings.
- Denbighshire has insufficient time to ensure good financial monitoring and robust planning.
- Inflation could result in the need to make greater savings.
- Stretched resources, affecting our ability to deliver on statutory functions.
- Low staff morale.
- Regulatory action, and poor reputation if unprepared.
- Reputational damage.

Inherent Risk

B1 – Critical Risk: Likely / Very High Impact

Corporate Risk Register (September 2022)

Controls to Manage Risk (in place)

Critical controls (newest first):

- The new Cabinet has agreed the continuation of existing financial management following elections in May 2022.
- A budget report is produced for Cabinet every month.
- In relation to the Brexit-related aspects to this risk (transferred from the Brexit Risk Register), we observe the fluctuations in the value of the pound; we have asked Services to continually monitor and report on Brexit-linked supply issues and cost increase and a risk is included within Finance and Property Risk Register “Unforeseen financial consequences that arise specifically due to BREXIT”
- A new three to five-year budget process has been agreed by Council. It aims to capture ‘small’ scale budget flaws (under £100k), identify key strategic budget pressures (over £100k) and aims to ensure a full picture of pressures can be considered in a timely manner and are managed more closely. It is hoped this new approach will identify pressures in services as well areas needing investment. It also aims to identify bigger projects that make savings over the period of three to five years, to minimise the savings target. The new process also sets a communication and engagement plan with a range of stakeholders, which as seen as critical to a successful budget setting process going forward.
- The budget process has been followed and discussed at a range of fora, and more meetings are planned for the autumn 2021.
- The budget setting process involves Members, so they understand that difficult decisions are necessary, and they are involved with developing the proposals. This should make them more likely to support the recommendations made.
- The Budget Board is likely to be asked to consider some controversial suggestions going forward that will require political support. Therefore, there may be increased risk of not achieving approval for the service changes required to deliver a balanced budget.
- Early identification of the budget gap and potential actions to address it are managed through the Budget Board and SLT.

Corporate Risk Register (September 2022)

- All of these controls are in place to ensure good financial monitoring and robust financial planning.

Ancillary control:

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.

Relevant indicators of the effectiveness of controls:

- FAH201m: The % of required efficiency savings identified for next year (Quarterly)
- FAH202m: The % of required efficiency savings achieved for this year (Quarterly)
- FAH208m: The % of budget monitoring reports completed on time

Residual Risk

C2 – Major Risk: Possible / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Major risk. Risk Appetite suggests that this should be at most a moderate risk. The Risk Owner has confirmed that they are comfortable that the scoring accurately reflects the current risk to the council.

Further Actions

1. Review Strategic Investment Group (SIG) process.

Action Due Date: 31/12/2022

Person Responsible: Steve Gadd

Corporate Risk Register (September 2022)

Risk 30: The risk that Senior Leadership capacity and skills to sustain service and corporate performance is not available

Lead Member(s): Councillor Gwyneth Ellis

Risk Owner: Graham Boase

September update:

The description and controls have been updated.

The risk score has not changed.

Description

The current structure of the Senior Leadership Team was developed some time ago and was built on the strength and experience of current post holders. As the number of posts at SLT has reduced there is a concentration of key roles that are critical to the successful delivery of services, and the organisation's ability to respond to policy and legislation.

There is a risk that individuals with particular skill sets would be difficult to replace, and there is also a risk that the organisation is not flexible enough to keep up with the pace of change required in light of new corporate priorities and future budget pressures. There was also great pressure on the Senior Leadership Team, who were managing services remotely through the pandemic, whilst trying to manage business as usual. Remote management continues as some staff continue to work from home. An SLT review is currently underway with the aim to put additional capacity in the SLT structure. An update will be available by our next formal review. See the controls section for more information.

Currently, three heads of service posts are filled on an interim basis (Community Support Services, Business Improvement and Modernisation and Highways and Environmental Services). Two Corporate Director posts have been filled, and have been in post since the beginning of September 2022.

Anticipated direction of travel:

Corporate Risk Register (September 2022)

The recent increase in this risk in recent times is anticipated to be temporary, until such time the new structure is implemented and embedded. The risk remains within our risk appetite and is not expected to exceed it.

Impact / Consequences

- Reputational damage.
- Declining performance.
- Poor performance against new priorities.
- Stress and poor health and well-being.

Inherent Risk

C3 – Moderate Risk: Possible / Medium Impact

Controls to Manage Risk (in place)

Critical controls (newest first):

- A proposal was presented to Council in March 2022, requesting that a new Corporate Director role be created (phase 1), bringing the number of Corporate Directors to three. Corporate Director posts have now been filled, and have been in post since the beginning of September 2022. Phase 2 will commence in the Autumn 2022, looking at Heads of Service level.
- CE and Directors performance manage Heads of Service
- A training plan for management and leadership in the council going forward is being developed.
- HR have completed workforce planning with all services and a corporate workforce plan is in place.
- Leadership Strategy is in place
- Heads of Service are tested on their succession plans through Service Challenge
- Quarterly Leadership Conferences held to develop middle managers.
- Heads of Service are encouraged to rethink their service plans against context of new corporate plan, budget decisions, and any new legislation, etc.

Corporate Risk Register (September 2022)

- The establishment of an alternative service delivery model for leisure includes within the project the need to reduce the risk of knowledge and skills loss. The senior leadership team restructure took place in September 2019.

Ancillary controls (newest first):

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- Greater opportunities for Middle Managers to 'act up' to key posts in order to gain experience at a more senior level
- Additional support has been put in place through occupational health.

Relevant indicators of the effectiveness of controls:

- Number of vacant posts

Other qualitative data will be able to describe what effective capacity and skills looks and feels like when it cannot be measured.

Residual Risk

C3 – Moderate Risk: Possible / Medium

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes

Corporate Risk Register (September 2022)

Risk 31: The risk of fraud and corruption resulting in financial and reputational loss and possibly impacting on service delivery.

Lead Member(s): Councillor Gwyneth Ellis

Risk Owner: Gary Williams

September update:

The risk has been reviewed and the risk score has not changed.

Description

Denbighshire County Council employs in excess of 4,000, with a significant net revenue budget in the hundreds of millions. It commissions and provides a wide range of services to individuals and households and works with a wide range of private, public and voluntary sector organisations. As with any other large organisation, the size and nature of the council's services mean that there is an ongoing risk of loss due to fraud and corruption from both internal and external sources. There is also an ongoing risk of bribery as the council provides and procures goods, works and services.

The council recognises that as well as causing financial loss, fraud is also detrimental to the provision of services, and damaging to the reputation of, and confidence in, the council and public bodies in general.

Anticipated direction of travel:

This risk is a static risk, and our aim is to maintain it as a moderate risk. We would not foresee a time when this risk would not be on the risk register. There are no performance measures currently available to quantify progress in reducing this risk.

Impact / Consequences

- Financial loss.

Corporate Risk Register (September 2022)

- Loss of reputation and confidence in the council and public bodies in general.
- Negative impact on service provision / delivery.
- Legal / compensation costs.
- Criminal prosecution.
- Negative audit / inspection reports.

Inherent Risk

C2 – Major Risk: Possible / High Impact

Controls to Manage Risk (in place)

In its policies and procedures, the council gives out the clear message that it will not tolerate any impropriety by employees, elected Members or third party organisations. It has put in place appropriate and proportionate systems to minimise this risk and these are kept under constant review, including the following:

Critical controls (newest first):

- Internal Audit has conducted a review of ethical culture. As a result, we are introducing clearer guidance about our code of conduct (for Officers) and will strengthen arrangements for declarations of conflicts and interests, including gifts and hospitality.
- The strategy for the prevention and detection of fraud corruption and bribery, which includes fraud response plan, was updated and ratified by Governance and Audit Committee in July 2021. The purpose of the Strategy and Fraud Response Plan is to provide management with a tool to ensure progress and transparency with regards to counter-fraud activities. It is designed to heighten the Council's fraud resilience and demonstrate its protection and stewardship of public funds.
- In developing this Strategy, the Council has adopted the guiding principles included in "Fighting Fraud and Corruption Locally 2020" (FFCL2020) which is the counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.

Corporate Risk Register (September 2022)

- IT systems have authorisation controls in place, which reduce the risk of fraud (remote working does not increase the risk)
- The Code of Corporate Governance
- The Code of Conduct for Elected Members
- The Employees' Code of Conduct
- Financial Regulations including Contract Procedure Rules
- The Whistleblowing Policy
- The Anti-Money Laundering Policy
- Recognition and monitoring of the risk of fraud in service risk registers
- Systems of internal control
- Recruitment processes
- Annual review by the council's Internal Audit team
- Regular internal and external review of our systems and procedures
- The risk of fraud and corruption is also managed at a service level

Ancillary controls (newest first):

- The Communications team has a close working relationship with Internal Audit and low assurance rated reports are flagged up at an early stage.
- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- Engagement with the National Fraud Initiative (NFI)
- E-learning modules on Whistleblowing and Code of conduct

Relevant indicators of the effectiveness of controls:

- LHRD11i: Number of procurement challenges
- BIM207i: The number of data protection breaches that were reported to the Information Commissioner's Office

Corporate Risk Register (September 2022)

- CH014i: Negative news stories as a percentage of all news stories about the council.
- CH013i: No. of Internal Audit low assurance reports, financial year to date

Residual Risk

E2 – Moderate Risk: Rare / High impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes

Corporate Risk Register (September 2022)

Risk 33: The risk that the cost of care is outstripping the council's resource

Lead Member(s): Councillor Gill German and Councillor Elen Heaton

Risk Owner: Nicola Stubbins

September update:

The description has been updated.

The risk score has not changed.

The further action due date has been extended to reflect the delays to the Ruthin extra care housing project.

Description

The continued inflationary pressure resulting from the cost of domiciliary and residential care means the cost of care could outstrip our budget.

Covid-19 has highlighted the fragility of residential and domiciliary care.

Following a previous review of this risk, last September in 2021, Welsh Government announced that it will fund the Real Living Wage (RLW) for registered social. This RLW funding was made available from April 2022 and our 2022 to 2023 care fees included the RLW. Whilst it is not the case that all eligible workers will have received the payment from April 2022, Welsh Government expects the funding to reach worker's pockets as quickly as possible. However, it acknowledges this will take time to implement and that year 1 will be a 'transition' year.

The council has been given an amount in the settlement but we will need to determine how we get that money to the providers and ensure that employees receive those wage increases. There are a number of complexities to implementation, and implementation will be a significant piece of work for the next few years at least.

Anticipated direction of travel:

Corporate Risk Register (September 2022)

Whilst we expect this to be a static risk that consistently features in our corporate risk register, implementation of the RLW settlement is based on calculations that may not meet the actual cost of providing the RLW. As at September 2022, we are waiting for the RLW figure to be announced (due imminently). We will continue to manage this risk, and implementation of RLW funding, closely to ensure controls are working as they should be and are having the desired effect. There could be a change to the risk score as a result of the settlement to fund the RLW.

Impact / Consequences

- Overspends in Social Care place significant budget pressures on the council and could result in the scaling back or withdrawal of non-statutory services.
- The social care budget is consistently overspent by over £1million per year, which up until recently, has been mitigated somewhat by the use of reserves of £0.5million per annum towards the overspend. However, the reserves are now depleted. The annual budget process has taken into account the projected pressure in this area: £2.6million was included as a pressure for 2020 to 2021 and the Budget for 2021 to 2022 included a pressure of £2.4million. It is, however, recognised that growth in demand will also continue in future years.
- Eligible workers do not receive the RLW uplift in their pay packets.

Inherent Risk

B1 – Critical Risk: Likely / Very High Impact

Controls to Manage Risk (in place)

Demand needs to be managed in order to maintain current levels of expenditure. The following controls are currently being embedded:

Critical controls:

- Conwy's Director is leading on the RLW work for ADSS Cymru so we are well informed and engaged across the region.

Corporate Risk Register (September 2022)

- A focus on prevention and early intervention so people don't need to go into care.
- Third Sector grant programme.
- Talking Points.
- Community Navigators.
- Supporting Independence Strategy.
- Being innovative and maximising use of grant monies.
- New approach to supporting people to achieving outcomes.
- Improved partnership working with BCUHB and integrated assessment as well as managing continuing health care.
- Identification of the pressures as part of the medium term financial process.
- Our Corporate Director: Communities is a member of WG's Social Care Forum and is examining pay and conditions of social care workforce.

Ancillary controls (newest first):

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- Opportunities arising from the Healthier Wales Transformation Programme.

Relevant indicators of the effectiveness of controls:

- The Budget Board and CET closely monitor budgets and what is happening at a national, regional and local level.
- Service budget variance for CSS and ECS

Residual Risk

C2 – Major Risk: Possible / High Impact

Corporate Risk Register (September 2022)

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Major risk. Risk Appetite suggests that this should be at most a moderate risk. The Risk Owner has confirmed that they are comfortable that the scoring accurately reflects the current risk to the council.

Further Actions

1. Development of additional extra care housing (corporate plan priority)

[The Denbigh extra care](#) scheme is fully open. The project in Ruthin has now started following some delays.

Action Due Date: 28/02/2024

Person Responsible: Ann Lloyd

Corporate Risk Register (September 2022)

Risk 34: The risk that demand for specialist care cannot be met locally

Lead Member(s): Councillor Gill German and Councillor Elen Heaton

Risk Owner: Nicola Stubbins

September update:

The description has been updated to reflect our concerns (notwithstanding our support for) interventions by Welsh Government to eliminate private profit from the care of looked after children.

The risk score has not changed. This continues to be a critical risk. However, our previous review had the inherent and residual scores the wrong way around. This has been rectified in this version. The risk remains outside of our risk appetite.

The further action includes an update on progress and the deadline has been extended in line with revised project milestones.

Description

Availability of some specialist adult and child places can be scarce, leading to the requirement to provide expensive services that aren't available locally. A reduction in the availability of domiciliary care provision means we are unable to provide services needed (particularly in the south of the county).

This continues to be a significant risk. We are still in a position of having had over 1000 hours of domiciliary care being handed back to the council due to staff shortages. This means people are waiting for domiciliary care agency allocation. However, there are signs are that the number of hours being handed back is reducing, but this is still being managed extremely closely.

As previously highlighted, the reasons for this situation are summarised as follows:

Corporate Risk Register (September 2022)

- **Recruitment and retention** – This is a national issue for the care sector. At the root of this are many factors, including the relatively low wages, high demands, and a sometimes perceived lack of esteem/value in the care career path. Even internally in DCC, we struggle to recruit to care work positions.
- **Increase in scale and complexity of needs** – The ageing population brings obvious additional pressures in this area. We have seen an increase in need for double-handed packages. Some individuals currently awaiting domiciliary care have also had previous agencies withdraw, due to their being unable to manage the level/complexity of need.
- **Denbighshire's rural geography** – This presents a number of challenges, including because of costs, e.g. travel time can make a rural care package much less attractive to prospective providers, and recruitment, e.g. as usually care workers covering more rural areas must be able to drive.
- **Citizens' choice** – A number of individuals currently awaiting care have been made offers that they have declined, on the basis that they are unhappy with the specific hours being offered.
- **The prevention and reablement agenda** – Enabling people to remain independent and prevent the need for residential care, prolonged hospital stays etc. as far as possible - while of course significant wellbeing goals and priorities for the council - naturally creates additional pressures on domiciliary care/interim services.

The wider consequences of the pandemic are also making this issue more challenging. People are also making life changes with some leaving the sector altogether.

The risk is also heightened as a result of [risk 50](#). The Welsh Government's Programme for Government makes a commitment to 'eliminate private profit from the care of looked after children during the next Senedd term'. The objective of removing profit is a positive one and it has the region's resounding commitment. However, it is imperative that Welsh Government take steps in pursuit of not-for-profit arrangements that do not disrupt children and young people's lives in the short term. Our key concern is that providers become unsettled and the sufficiency and suitability of placements will be affected, affecting the lives of Looked After Children, and increases this risk that demand for specialist care cannot be met locally.

Corporate Risk Register (September 2022)

Anticipated direction of travel:

Currently, the risk associated with us being unable to meet the demand for specialist care locally is a critical risk, which is beyond our appetite. In the longer term, we hope to bring the risk under control and return to a 'business as usual' scenario. It is not clear how long this will take.

Impact / Consequences

- High cost
- Individuals with eligible needs unable to receive suitable domiciliary care due to lack of resources and service provision
- If far from home, there is a detrimental impact on a client's well-being (and that of their family)
- Unable to meet need in preferred language
- Staff become over-stretched
- Reputational damage.

Inherent Risk

A2 – Critical Risk: Almost certain / High Impact

Controls to Manage Risk (in place)

Critical controls (newest first):

These critical controls relate to action being taken to deal with the current demand and challenges for domiciliary care provision in the county:

- Cabinet members were involved in a discussion with senior officers about specialist care shortly after our February 2022 review.
- Implementation of Welsh Government's decision to fund the Real Living Wage (RLW) for registered social workers.
- Recruited a dedicated HR Social Care Specialist.

Corporate Risk Register (September 2022)

- A corporate Social Care Recruitment and Retention Group has been established, chaired by our Corporate Director. The Group is initially focussed on internal recruitment and retention but it will have implications on external recruitment and retention. That Group is also reviewing our pay scales across children's and adult's social care, from entry level care right up to qualified social workers, Occupational Therapists, senior practitioners etc.
- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- The silver health and social care Covid-19 group has been stood down.
- Our in-house teams (Reablement, Interim and Health & Social Care Support Workers) are covering as many outstanding care packages as possible.
- We are currently looking at how we can safely (in compliance with CIW/SCW requirements) draw on more support from other internal social care staff who do not currently deliver personal care.
- Working closely with health colleagues to manage workload and explore the potential to tap into their care applicants.
- Continue to explore alternative ways of meeting people's needs, within a strengths-based, enabling approach.
- A Community Catalyst has recently been commissioned to get micro-enterprises/micro providers off the ground in Denbighshire
- We are working with Procurement to look at contractual arrangements to respond to the exceptional circumstances.
- We are returning to discussions with other local authorities to look at opportunities for joint commissioning.
- We will continue working to ensure that carers have the support they need.
- We will be exploring possibilities to create more flexibility for residential care staff to provide some domiciliary care hours; however, it is currently not possible to create such arrangements because of Covid-19 infection control measures in care homes.
- We are looking at ways that we can try to manage the expectations of citizens/families; to continue to honour preference as much as possible, while at the

Corporate Risk Register (September 2022)

same time ensuring that we are realistic about what we can provide, and that we are ultimately led by need.

Critical controls under usual circumstances include:

- Single Point of Access is fully established and proving successful in providing advice and information to individuals in order for them to access community services themselves.
- Community Led Conversations 'What Matters' project changing the way staff support individuals enabling them to take control of their own well-being and utilising other external resources where possible.
- Developing a range of staff skill mixes through workforce development in order to enable staff to work in new ways that complement the new government agenda.
- Series of meetings with providers across CSS underway to negotiate increasing fees.
- Review and re-assessment project to ensure individuals are still eligible under new criteria
- Further development of support budgets
- Regional project considering issues.
- Recommissioning domiciliary care project in progress - this includes the implementation of the new regional domiciliary care framework in Denbighshire to include patch based commissioning for difficult rural areas.
- New care team in CSS South Locality (reablers providing longer term support whilst identifying appropriate agency)
- The North Wales Transformation Programme is in place and we are leading one of the four projects.

Ancillary controls:

- Denbighshire County Council has written to the UK Government following a Notice of Motion that was put before a meeting of Full Council on 12 October 2021. The letter urges UK Government to designate, as a matter of urgency, social care

Corporate Risk Register (September 2022)

workers as skilled workers, in order that they meet the entry requirements of the post-Brexit points-based immigration system introduced in January 2021.

- Recruitment fayres taken place in county to highlight the need for specific health and social care staff.
- Continue to look at the use of grant monies in creative and combined ways to deliver better solutions.
- CIW national review of domiciliary care - implementing recommendations.

Relevant indicators of the effectiveness of controls:

- Delivery of the Social Care Recruitment and Retention Group's action plan.
- Vacancies (internal and external) and recruitment activity
- Budget variance
- CSSAGGR02.1 Number of assessments of need for care and support undertaken during the year and of those, the number of assessments that led to a care and support plan

Assurance:

- CIW monitor progress through routine performance review activities and through a CIW local authority risk based approach to inspection planning.
- A follow up inspection "Assurance Check" was undertaken in Denbighshire by the Care Inspectorate Wales between June and July 2021. We have received their findings, in which they highlight improvements in safeguarding as well as some areas for further development. The interim management arrangements in Education and Children's Services was noted as an issue, which has since been settled. However, we now have two interim head of service leads in Community Support Service. The Council is aware of the need for stable and consistent management and it is being managed closely.

Residual Risk

B2 – Critical Risk: Likely / High Impact

Corporate Risk Register (September 2022)

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Critical risk. Risk Appetite suggests that this should be at most a moderate risk. The Risk Owner, together with the Head of Community Support Services, are actively managing this risk to bring it back under control. This is a national issue though and one that is unlikely to be resolved quickly.

Further Actions

1. Develop a new Children's Assessment Centre jointly with Conwy CBC

Prior to the award of the contract, issues were raised regarding the identified contractor. Following a 'due diligence' process, Conwy County Borough Council (who are leading on the project), with full support of Denbighshire Officers, did not award the tender. Internal processes are now being followed to again tender the construction of the project. It is believed that a recent change in funding timescales will assist in the tender process. Welsh Government remain supportive of the project aims.

Action Due Date: 31/03/2024

Person Responsible: Rhiain Morrle

Corporate Risk Register (September 2022)

Risk 36: The risk that the economic and financial environment worsens beyond current expectations, and has a detrimental impact on local businesses and economic hardship for the local community

Lead Member(s): Councillor Jason McLellan

Risk Owner: Emlyn Jones

September update:

The inherent and residual risk scores have been increased to reflect the recent increase in interest rates, and economic turbulence more generally. The inherent risk score has increased from B1 – Critical Risk: Likely / Very High Impact to A1 – Critical Risk: Almost certain / Very High Impact. The residual score has increased from C2 – Major Risk: Possible / High Impact to B2 - Critical Risk: Likely / High Impact and the risk is outside of our risk appetite.

The description, impact and controls sections have all been updated. Given the economic turbulence globally, we will need to keep this risk under close management.

Description

The economy has suffered several shocks in recent years. Leaving the European Union, Covid-19, war in Ukraine and increases in cost of living. Recent economic sanctions imposed on Russia have added further tension to the global economy. Cost of fuel, goods and services have increased and led to concerns around the level of inflation in the UK, prompting The Bank of England, in August 2022, to increase the base rate to 1.75% from 1.25%.

This risk is about “the risk that the economic and financial environment worsens beyond current expectations, and has a detrimental impact on local businesses and economic hardship for the local community”. It is currently difficult to predict what will happen with the interest rate although it is widely expected that it remain stay higher than the historically

Corporate Risk Register (September 2022)

low rates of the last few decades, for some time. Higher, or increasing, interest rates will place mounting pressure on businesses and communities across Denbighshire.

Our controls bring together a range of support and targeted interventions to alleviate the situation as it is currently, and these incorporate actions related to cost of living, leaving the EU and post-Covid recovery.

EU exit:

The UK has now left the EU and the transition period has come to an end. The implications of the 'light' trade deal that was reached with the EU are not yet fully understood and are being masked by the impact of Covid-19 and the global economic turbulence. As a minimum we anticipate, short-term disruption to the trade of certain goods to and from the EU as businesses adapt to new requirements. This could have repercussions on the council in terms of purchasing goods and supplies. Supplies have been affected by Covid-19 and staff shortages in certain sectors, which is affecting costs and availability. Please note supply issues and cost implications for the council are considered under risk 06, and the risk of recruitment and retention issues for the council is captured under risk 48.

Supply of goods and services that affect businesses include:

- Labour shortages and vacancies across sectors leading to delays
- Fuel and energy costs, commodity (including food) supply and price increases (including in transport and freight, and in relation to supply of goods)

According to the Local Government EU Advisory Panel, which last met in January 2022, there is general consensus that global supply chains will continue to be adversely affected for the foreseeable future. Issues around supply of food have escalated following events in and around Ukraine. The need for more sustainability in supply chains is evident far beyond the coronavirus pandemic. There is evidence that some businesses are trying to address this for the long term building more resilient supply chains and moving from the 'just in time' model to the 'just in case' model (a 'just-in-time' inventory aims to reduce excess supply and create a lean production process, while a 'just-in-case' inventory is used to avoid running out of stock due to a sudden increase in demand). The Panel

Corporate Risk Register (September 2022)

concluded that business operations are trying to adapt to the new situation and will probably face changes for the foreseeable future.

The potential consequences associated with Brexit could still include an economic downturn in the short to medium term and reduced funding over the medium to long term. This could lead to business loss from the Denbighshire economy resulting in greater demand on DCC services, e.g. economic development, housing, and mental health support by the agricultural community. The loss of multiple small businesses or a small number of large businesses could have cascading impacts. Furthermore, changes to the direct payments to farmers could result in new stipulations that require adaptation. It is also likely that there will be an increased administrative burden and cost to exporting goods outside of the UK. Where farmers are not supported to adapt, there is a risk to human and animal well-being. The new Welsh Government (WG) agriculture policy does not include like for like funding for rural development / communities but may include provision for similar initiatives. A rapid response framework to prioritise and mobilise support for businesses facing difficulty is in place from Welsh Government.

Specific long-term implications on Denbighshire businesses, particularly agriculture and the food industry, also need to be better understood. The council must continue, therefore, to be braced for any implications of Brexit in terms of funding (e.g. State-Aid / Shared Prosperity Fund, and current WEFO funded projects), and the likely impact on demand for services. Whilst a deal with the European Union is now in place, it is too early to quantify impacts; positive or negative, especially as the world continues to deal with the effects of COvid-19 and continued economic turbulence, not least very recently as a result of tough economic sanctions on Russia.

Anticipated direction of travel:

Controls have established clear lines of communication and information sharing that has been critical during a long period of uncertainty. Levelling Up and the Shared Prosperity Fund are developing and will be very important controls to reduce the impacts of this risk. It is difficult to project how the economy will behave over the next six months and beyond. Strong mechanisms are in place to allow ongoing monitoring of the risk as a result.

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We would hope and expect that small Denbighshire-based businesses will continue to respond and adapt to changing circumstances arising from Brexit in the immediate / short term. The impact on larger Denbighshire-based businesses, such as forestry, food and agricultural industries, for example, may be felt more in the short to medium-term as they try to adapt their business models to remain sustainable, in 2022 to 23 and perhaps 2023 to 24. We will remain vigilant of the impact of new trading frameworks as they become live.

Impact / Consequences

- EU funded projects (e.g. skills, poverty and regeneration projects; rural and business funding) come to end and the project ceases or operates on a scaled-back version.
- Impact on supply chains and procurement of goods and services.
- Foreign Direct Investments in Denbighshire could be affected.
- Legislative change could result in delays and uncertainty for legal proceedings.
- Impact on farming and agriculture:
 - Inflation continues to affect agriculture causing significant price rises for some products such as fertilizer.
 - Increase in the number of farming businesses facing financial hardship.
 - Mental well-being of farming community.
 - Physical welfare of animals.
- Denbighshire businesses that import / export to European Union areas. For example, Cefndy exports medical equipment products.
- Collapse of key businesses serving communities
- Vacancies or loss of employment in the county
- Financial hardship, impacting the most on those already in poverty.
- Impact on mental well-being of residents
- Potentially negative impact on broader public sector provision
- Increased pressure on social and public / animal protection services
- All the above would lead to increased pressure on public services.
- Reputational damage.

Corporate Risk Register (September 2022)

Inherent Risk

A1 – Critical Risk: Almost certain / Very High Impact

Controls to Manage Risk (in place)

Critical controls:

- UK financial support is expected but packages of support have not yet been agreed.
- We are planning to host, in partnership with DVSC and others, two day events focussed on cost of living around October 2022. The first day will likely be targeted at the general public (residents and businesses) and professionals, with a range of stalls offering information about support and other services. The purpose will be to raise awareness about what's on offer for people's personal knowledge and for professionals in their day to day roles supporting households and businesses. The second day will take a more traditional conference format with a focus on professionals and community advocates. This will take more of an emergency planning approach to discussing what practical help is needed now.
- We are implementing Welsh Government's [Cost-of-living Support Scheme](#); a support package that will provide a payment to households to help with the rising costs-of-living. The payments (£150) are not taxable and will not affect any entitlement to Welfare Benefits. This scheme is in place alongside others, such as the roll out of universal free school meals, council tax reduction, winter fuel support fund, [business rate relief](#) and Welsh Government's discretionary assistance fund. All information is on our [website](#).
- We are hoping to launch grant support for business owners to maintain their properties and reduce neglected business premises and prevent eyesores. The fund is supported by Welsh Government in addition to the town centre loan scheme already on offer.
- Our regulatory role in relation to businesses is no longer focussed on Covid-19 regulations and is back to its business as usual operation, supporting businesses generally through this difficult time.

Corporate Risk Register (September 2022)

- UK Government Funding: Levelling Up and Shared Prosperity Funding is focussed on addressing issues outstanding after the end of EU funded programmes (capital and revenue funding).
 - One Levelling Up bid has been successful and two are in progress. If we are successful in all three bids it will attract in the region of £35m investment into the county.
 - The Regional Investment Plan for the Shared Prosperity Fund plan has been produced. 29 interventions across the three pillars (People & Skills, Supporting Local Business, and Communities & Place) effectively describe the scope of eligible activity. Governance arrangements are being established. Potentially £21.2m could be allocated to Denbighshire over three years.
- Regional working on economic development through the Growth Deal, Covid-19 recovery plans, the economic prospectuses that have been agreed with Welsh Government, and the Regional Regeneration Officers' Group for example.
- The Tackling Poverty Operational Group (DCC and Partners) is still in place and meets to highlight and address issues as they arise. It was initially set up to focus on the rollout of Universal Credit but now has a broader focus.
- WG Funding – eg Families First, Flying Start, Communities for Work etc
- As requested by the Welsh Local Government Association, Denbighshire has two named Brexit lead contacts: Corporate Director: Economy and Public Realm and the Leader.
- Regular contact with Welsh Government and the Welsh Local Government Association.
- Teams within Planning, Public Protection and Countryside Services are available to advise businesses, including the agricultural sector,
- The Corporate Procurement service will work with Services' contract managers to identify the critical contracts and mapping their supply chains.
- Services identified supply chains that could be at risk during negotiations around Brexit.
- The council was represented on the WLGA Brexit Working Group.
- The Statement of Accounts considers Brexit and the impacts of Brexit.

Corporate Risk Register (September 2022)

Ancillary controls (newest first):

- We submitted evidence about the Social Partnership and Public Procurement (Wales) Bill to the Equality and Social Justice Committee's Inquiry in July 2022. Preparatory work will be needed to support and mobilise the local supply chain to ensure it is well-positioned to fulfil the requirements of the Bill, once in statute. The local supply chain, especially smaller businesses, will require some form of capacity building to fully understand social value, particularly within tenders where the social value response will need to be evaluated. It will be necessary to ensure consistency of message and support, and to share best practice in relation to supporting small and medium-sized businesses to become compliant and fully embrace the ethos of the Bill.
- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- SLT and Cabinet are regularly briefed on emerging areas of concern.
- The regeneration and economic development team will consider opportunities to lobby for green/sustainable solutions to increases in the cost of fuel and energy.
- Ensured that Brexit preparedness materials are available to businesses including funding from the £10 million Brexit readiness fund.
- Communication with Social Care Wales to identify risks to agricultural communities.
- Links to the Business Wales Brexit Portal has been added to the business support pages of the DCC website.
- UK Government Brexit information being shared across social media (details found in internal updates).
- Working with relevant trade bodies (such as FSB, Chambers of Trade etc.) and the Rural Development body Cadwyn Clwyd for next steps / advice clinics.
- Meetings held with the Farming Unions to gauge what concerns have been raised by their members in the run up to Brexit, liaise with Business Improvement and Modernisation on issues raised.

Corporate Risk Register (September 2022)

- Provide input where possible to inform any new agriculture policies to be introduced by Welsh Government.
- Risk added to Planning, Public Protection and Countryside Services Risk Register: "Brexit - Negative impact of leaving European Union with a "No Deal".
- Promotion of the "Fit for Farming" booklet and wellbeing support from the DPJ foundation.
- Regular updates from professional bodies liaising with central government departments on behalf of all local authorities 3bn Fund.
- Direct work involving the farming community has largely been devolved to Cadwyn Clwyd and farming connect, who are providing advice.
- Welsh Government with Defra and other devolved administrations has developed a UK-wide contingency plan in response to the potential impacts on the sheep sector and funding may be available in the future.
- RTCB has considered risks associated with population estimate inaccuracies and the potential impact on future funding. There is a Welsh Government funding floor which would help mitigate any impact, if this issue should transpire (in which case impact would be felt in 2022-23). RTCB will continue to monitor this risk.

Residual Risk

B2 - Critical Risk: Likely / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Critical risk. Risk Appetite suggests that this should be at most a moderate risk. The Risk Owner has confirmed that they are comfortable that the scoring accurately reflects the current risk to the council.

Corporate Risk Register (September 2022)

Risk 37: The risk that partners don't have the resources, matching priorities or commitment to support delivery of shared plans and priorities, and in particular, fail to reduce inequalities and deprivation

Lead Member(s): Councillor Jason McLellan

Risk Owner: Nicola Stubbins

September update:

The description has been updated with the latest position. The controls have been updated.

The risk score has not changed but the risk is considered to be within our risk appetite.

Description

With finite resources and competing priorities, there is a risk of a lack of commitment or capacity available to support realisation of shared plans and priorities.

Denbighshire is not a homogenous community but is made up of a diverse range of different communities where income, education, employment opportunities and housing all vary substantially. Within this diverse mix are communities with high concentrations of multiple-deprivation including some parts of Rhyl and Upper Denbigh within Denbighshire. Despite our, and our communities', clear pride in our areas, deprivation and inequality remain intractable problems that require a 'one public sector focus'. Rhyl West 2 ranks as 'the most deprived ward' in the whole of Wales, and Rhyl West 2 the second according to the Wales Index of Multiple Deprivation.

Overall household income levels in Denbighshire are lower than the national average and a greater proportion of households are estimated to be in poverty, many of which are households with children. There is evidence of higher than average in-work poverty. Based on our analysis of claimant rates, the recent increase in the claimant count, and the time we expect it will take for the employment rate to recover, poverty and destitution, with

Corporate Risk Register (September 2022)

food and fuel poverty, will be issues affecting adults and families with children over the next five to ten years at least.

What is more, increases to the cost of living is becoming an increasing risk to communities and the council, whereby our capacity to support people struggling with the cost of living may be limited or people may make decisions about how they allocate their household budget, prioritising rent or mortgage over council tax, for example.

There is health inequality within the area. People living in the areas in the most deprived fifth of Denbighshire not only have a shorter lifespan, but also spend less of it in good health compared to those living in the least deprived fifth. There is a difference of over 17 years of healthy life expectancy for females in Denbighshire's most deprived areas when compared to the least deprived. Despite overall increases in life expectancy, the gap between the proportion of life expected to be spent in good health in the most and least deprived areas has shown no clear sign of reducing in the last ten years.

Geographical access to key services forms part of the Welsh Index of Multiple Deprivation 2019 (WIMD 2019). This domain of the WIMD considers the average travelling time to access a range of services considered necessary for day-to-day living, including access to a pharmacy and GP surgery, food shop or primary school for example. As of 2019, the domain now includes a new digital indicator (percentage of unavailability of broadband at 30Mb/s). 14 lower super output areas (LSOAs) in Denbighshire feature in the 10% most deprived in Wales for access to services. These data tell us primarily about travel times to physically access services and indicate a significant population who are likely to suffer poor physical access to services or to be significantly reliant on private transport. That more LSOAs in feature in the 10% deprived in Wales in 2019 for access to services than five years ago, is probably likely to the additional indicator measuring broadband.

Anticipated direction of travel:

Covid-19 has put external pressure on the council and its partners to deliver services; this is likely to be the case into the medium term.

The consequences of Covid-19 have resulted in significant impacts for people's economic and educational outcomes, their physical and mental health, and well-being more

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generally. As a result of Covid-19 we have already seen exacerbated inequalities (with people from non-white ethnicities being more likely to die from Covid-19) and these are likely to continue for the medium and long term. The prevalence of 'long Covid', the term used to describe continued symptoms of Covid-19, is likely to compound existing inequalities in the same way Covid-19 has.

We therefore do not expect the risk to diminish in likelihood or severity soon.

Impact / Consequences

- Objectives not delivered.
- Issues/problems that provided justification for the priorities continue or deteriorate.
- Failure to maximise opportunities to collaborate to resolve issues no single organisation is responsible for or capable of resolving on its own.
- Ineffective management of expectations among partners/public leading to reputational damage.
- Investment of council resources with minimal return.
- There will be greater demands this year to manage recovery from Covid-19, with pressures on the front line.
- Increases in cost of living leads to reduced income for the council, eg reduced council tax.

Inherent Risk

B1 – Critical Risk: Very Likely / High Impact

Controls to Manage Risk (in place)

Critical controls (newest first):

- Denbighshire County Council's corporate plan is being developed in the context of local need and regional priorities. A detailed engagement and well-being assessment to assess need in the local area is currently being consulted on. These

Corporate Risk Register (September 2022)

pieces of work are informing the development of the new Public Service Board's (PSB) Well-being Plan and the council's new corporate plan.

- The PSB's draft Well-being Plan has undergone formal consultation, including with the Well-being of Future Generations Commissioner. The Plan is due to be approved by PSB in November 2022, after which formal agreement will be sought from statutory partners. The draft plan had one area of focus: Conwy and Denbighshire to be a more equal place with less deprivation.
- The implementation of the Welsh Government's announcement to fund the Real Living Wage for registered social workers.
- Denbighshire is represented at collaborative boards by senior managers and / or political leadership, for example, at the Regional Partnership Board, Economic Ambition Board, and Regional Leadership Board.
- Collaborative plans and priorities (for instance, the PSB's Well-being Plan) has been developed to reflect broader public sector priorities across the two counties.
- Regional working to manage the Covid-19 pandemic through the Strategic Coordination Group is working well with all partners present and working together.

Collaborative partnership	Collaborative plan/strategy
Conwy and Denbighshire PSB	Well-being Plan
North Wales Economic Ambition Board	Growth deal
Regional Partnership Board	Transformation Programme and Regional Priorities

Ancillary control:

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.

Relevant indicators of the effectiveness of controls:

Corporate Risk Register (September 2022)

- The Welsh Index of Multiple Deprivation (WIMD)

Other qualitative data will be able to describe what effective capacity and skills looks and feels like when it cannot be measured. Such as:

- Production of the Public Service Board's Well-being Assessment and Well-being Plan
- Delivery of the Rhyl Regeneration Board's plans and other community development programmes
- Activity: CSS20/4002a Work with partners to focus on recruitment to care and career pathways for young people – Agencies (Imogen Blood) / Micro enterprises / FE Colleges /Volunteer groups

Assurance:

- Feedback from the Welsh Government and the Well-being of Future Generations Commissioner on the Public Service Board's Well-being Assessment and Well-being Plan.

Residual Risk

C2 – Major risk: Possible / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes. On the basis now, that this risk fits within our open risk appetite in relation to operational and policy delivery.

Corporate Risk Register (September 2022)

Risk 43: The risk that the council does not have the funds or resources to meet its statutory obligations under the Additional Learning Needs and Education Tribunal (Wales) Act 2018

Lead Member(s): Councillor Gill German

Risk Owner: Geraint Davies

September update:

The description and controls have been updated.

The risk score remains D2 – Major risk: Unlikely / High Impact, and remains outside of our risk appetite. However, given provisions came into force one year ago, the high assurance from the recent early review by Internal Audit, and planned scrutiny by Performance Scrutiny Committee, we recommend this risk is de-escalated and managed by the Service. Should the risk increase at any point, it can be escalated back to the corporate risk register for Cabinet and SLT intervention.

Description

The Additional Learning Needs and Education Tribunal (Wales) Act, 2018 has replaced the Special Educational Needs Code of Practice for Wales (2002). This new Act is supported by regulations and an ALN Code. The Act replaces the terms 'special educational needs' (SEN) and 'learning difficulties and/or learning disabilities' (LDD) with the new term 'additional learning needs' (ALN). The Act has created a single system, with a single statutory plan, the Individual Development Plan (IDP). This plan replaces existing plans, such as Individual Education Plans (IEPs), Statements of SEN and Learning and Skills Plans. The provisions of the Act came into force in September 2021.

The Act places a range of duties on local authorities in relation to additional learning needs (ALN), which can be grouped as follows:

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Specific duties - in relation to individual learners (usually those in their area) such as duties to maintain individual development plans (IDPs) for some learners (including learners who are dual registered and those with more complex needs) and the duty to reconsider decisions made by school governing bodies.

General duties - to support the functioning and effectiveness of the ALN system – including the duty to provide information and advice and the duty to keep additional learning provision under review.

In addition, local authorities have general education functions - related to maintaining schools and the provision of education, including intervention powers where schools fail to perform their duties.

Local authorities will be directly responsible for meeting the needs of children and young people with the most complex and/or severe needs, those who do not attend a maintained school or FEI in Wales (including those below school age).

Following clarification from Welsh Government around some aspects of the ALN Code, including Elective Home Education and Looked After Children, we are working through the Code to ensure appropriate policies and procedures are in place.

Delivery of the legislation and guidance around capacity, is not cost neutral.

This risk was escalated from the Education and Children's Service Risk Register to reflect both the residual risk score, and the wide-ranging implications for other areas of the council (adult's services, legal, procurement and so on). However, given provisions came into force one year ago, and the high assurance from the recent early review by Internal Audit, and planned scrutiny by Performance Scrutiny Committee, we recommend this risk is de-escalated and managed by the Service. Should the risk increase at any point, it can be escalated back to the corporate risk register for Cabinet and SLT intervention.

Anticipated direction of travel:

This risk is still beyond our appetite. It is a new piece of legislation that is prompting significant change in working practices, and there are capacity/budgetary implications and constraints. However, once the new Act is embedded, and processes procedures and

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systems are embedded in schools, *and this work becomes business as usual*, the risk will decrease. There will always be a risk associated with not meeting individual learner's needs however, but we are now in a position to manage that risk at a service level, in Education and Children's Services risk register. We anticipate the likelihood becoming rare but the impact will always remain high.

Impact / Consequences

Not meeting the requirements of the Act could have an impact on learners with ALN and would have regulatory and reputational consequences for the authority, including potential legal and financial implications. There is also the potential for increased demand on services. There is a budget pressure and we are anticipating, across Wales, an increase in disputes, which could impact on other services (legal services), and increase the risk for reputational damage.

Inherent Risk

B2 – Critical risk: Likely / High Impact

Controls to Manage Risk (in place)

Critical controls (newest first):

- A [paper](#) was presented to Performance Scrutiny Committee on July 14, 2022. The Committee has requested an updated report in the summer of 2023.
- A position update paper was presented to SLT in February 2022. This paper set out, in detail, the approach taken by the council to implement the legislation Denbighshire continues to work collaboratively with colleagues across the region and we are leading on the Educated Other Than At School (EOTAS) and Looked After Children (LAC) working groups.
- A comprehensive training programme is ongoing.
- Schools have been completing a 'Costed Provision Map', which is a recording spreadsheet for them to show the amount of funding that is being spent across the school on learners needing support. Proposals for amendments to the 3 year rolling

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average budget were presented to the School Budget Forum in July 2022 and agreed.

- The Eclipse IT system is now live in Denbighshire with local authority and school staff now having access. As part of this ongoing collaboration, a Memorandum of Understanding has been established to avoid duplication of effort.
- We have conducted a review of the Team Around the School (TAS) and this will be an ongoing process to ensure that the TAS continues to function well and provide the support needed.
- We are working with schools to map out provision that ranges from universal to targeted. The strategy to review provision is currently in development, though not completed.
- We are working regionally to ensure consistency. A comprehensive 'Inclusion Guidance' document is in the process of being finalised, which will signpost schools to relevant parts of the ALN Code and highlight key local authority processes around Inclusion. This is a working document that was shared with schools, and is currently being refined before re-sharing with schools (on Sharepoint).
- The Additional Learning Needs Education and Tribunal Act Wales 2018, has placed upon the Local Authority the duty to determine if a child has additional learning needs from birth if requested to do so by health, parents or any other source. In response to this new duty, the Pre School Team have extended the universal service to provide advice and guidance to all childcare providers. Prior to the implementation of the Act, 39 funded pre-school settings were supported by the central team; this has now increased to 96 pre-school childcare providers to include childminders and private day care settings. This has been achieved with no additional cost through collaboration between Flying Start, Family Link Service, the existing Pre-School SEN team and the creation of the Pre - School Outreach Service. The new system supports early identification and intervention with the view to enabling children with developmental delay to progress. Close collaboration between these services has provided an additional benefit in enabling a holistic approach incorporating support for children and families.

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- There are ongoing budget requirements associated with implementation, for example recruiting Educational Psychologists, additional learning team members or implementing and housing the Eclipse IT system.

Ancillary control:

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.

Relevant indicators of the effectiveness of controls:

- CH012i: The number of negative reports from external regulators
- CUECS: The % of external complaints upheld or partly upheld over the last quarter
- QECSM24: The percentage of assessments for children completed during the year that were completed within 42 working days from the point of referral

Other qualitative data will be able to describe what effective capacity and skills looks and feels like when it cannot be measured. For example, ALN being identified (by Estyn) as a recommendation for schools going into a statutory category, or learners' responses to the Pupil Attitudes to Self and School (PASS) survey.

Assurance:

- A [paper](#) was presented to Performance Scrutiny Committee on July 14, 2022. The Committee has requested an updated report in the summer of 2023.
- [Internal Audit early review: Additional Learning Needs \(ALN\) Implementation](#) – February 2022 (High Assurance / Number of Risk Issues: 0)
- GwE, with its support improvement advisors, routinely monitor, challenge and support schools. The council has identified ALN as a priority in GwE's forward work programme for the year.
- School inspections by Estyn, as and when they occur.

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Residual Risk

D2 – Major risk: Unlikely / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

No. Major risk. Risk Appetite suggests that this should be at most a minor risk. As our mitigating actions progress over the next year, we would expect to see the residual risk reducing and brought closer to our risk appetite. We expect the likelihood to reduce, although the impact, should the risk occur, is anticipated to remain medium or high.

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Risk 44: The risk of Ash Dieback Disease (ADB) in Denbighshire leading to significant health and safety issues that represent a potential risk to life

Lead Member(s): Councillor Barry Mellor

Risk Owner: Emlyn Jones

September update:

The senior responsible owner of the project and therefore the owner of this risk has changed and is now Head of Planning, Public Protection and Countryside Services. He will continue to work closely with the Interim Head of Environmental Services, together with service managers.

The description of the risk has been updated.

When this risk was first identified and developed, our intelligence about the ash tree population was very limited. Following our risk-based approach to inspections, we have developed a much clearer view of the ash tree population and are dealing with those trees where remedial action needs to be taken more urgently. On the basis of better intelligence, we have re-evaluated and adjusted both the inherent and residual level of risk. The inherent risk has been re-categorised from A1 – Critical Risk: Almost certain / Very high impact to B1 – Critical: Risk Likely / Very high impact. The residual risk has decreased from B2 – Critical Risk: Likely / High impact to C2 – Major Risk: Possible / High impact. The risk remains outside of our risk appetite.

The due date for completion of further action number 1 has been extended to reflect a loss in personnel. An additional further action has been agreed: “2. Seek clarification about the council’s legal responsibilities and duties in relation to ash trees on private land”.

Description

ADB is already present in Denbighshire, and our management of ADB will not be "business as usual". There will be a need for changes in management practice.

Corporate Risk Register (September 2022)

As time is progressing, we are developing a better view of the scale of the issue. We have taken a risk-based approach to our inspections; focussing initially on trees in highest risk areas, i.e. our busiest highway routes, particularly trees along the highway on gritting routes. More than 10,000 tree assets - including circa 8,000 ash trees - have been inspected categorised, and logged on our new software system. We are developing a clearer view of the condition of those trees in our riskiest areas and we are still working on getting a county-wide picture of the issue. Now in year 2 of the project, we are returning to some of the areas identified as problematic, as well as other areas of land, to review the position now.

The Project Manager has been off work for some time and that post has been covered by one of the existing tree inspectors. Once the substantive Project Manager is back in post, we will return to having three inspectors and will continue to work through a programme of inspections. The project has therefore faced some delays and this is reflected in the timescales for the draft action plan.

We are still working to deliver a draft ADB action plan and have extended the deadline to the end of this financial year to reflect the capacity issues we have been facing. The draft will then progress through the scrutiny and political process.

The draft ADB Action Plan will cover a number of issues, including how we plan to deal with trees not owned by DCC (we have also agreed a new further action below to reflect this), and how we plan to manage our own tree stock. The tree inspectors will have a key role in both scenarios. One of the key principles of the Action Plan will be that no DCC-owned tree will be removed unless it is entirely necessary to do so. Monitoring and low-level remedial work will be undertaken, where possible. We will also encourage landowners to take a similar approach.

Anticipated direction of travel:

When this risk was first identified and developed, our intelligence about the ash tree population was very limited. Following our risk-based approach to inspections, we have developed a much clearer view of the ash tree population and are dealing with those trees where remedial action needs to be taken more urgently. On the basis of better intelligence we have re-evaluated and adjusted both the inherent and residual level of risk.

Corporate Risk Register (September 2022)

Once the draft ADB action plan is approved and starts to be delivered, we anticipate that the residual risk will be further reduced and brought closer to, but perhaps not within, our risk appetite. We expect the likelihood to reduce over the next 5 to 10 years, although the impact is anticipated to remain high. There are no performance measures currently available to quantify progress in reducing this risk, however this will be reviewed once the action plan is in place.

Impact / Consequences

The impact is likely to be far reaching, across various council services and communities themselves.

- Public safety.
- Increased liability.
- Considerable impact on landscape - dead and dying ash trees across the county.
- Impacts on statutory functions and service delivery.
- Staff safety.
- Significant budgetary implications.
- Disruption to infrastructure and communities.
- Political and reputational impact.
- Reduced carbon absorption due to a loss of trees.

Inherent Risk

B1 – Critical Risk Likely / Very high impact

Controls to Manage Risk (in place)

A proactive approach is necessary to understand how many ash trees are in the county and prepare an ADB action plan. Capacity and resources will need to be secured to achieve this.

Critical controls (newest first):

- Ash Dieback Board met last in August 2022

Corporate Risk Register (September 2022)

- This risk was discussed by CET as part of a risk deep dive session on 7th January. The purpose of the discussion was to determine the effectiveness of controls and to seek some assurance around the planned approach with the draft ADB action plan and budget. During that discussion it was agreed that Highways and Environmental Services would take responsibility for all DCC trees, regardless of which service owns the land.
- Trees along our gritting routes have been inspected. We've been taking steps to deal with those trees where remedial action needs to be taken more urgently. We will be expanding inspections across the county – this work will be extensive.
- The aim is to have a draft corporate ADB Plan in place by the end of March 2023, but the impact of ADB will need to be managed for the next 5-10 years.
- In the course of the inspections currently underway, which are being based along our critical routes, we are identifying instances that pose an imminent health and safety risk. Where these are found we are taking action to deal with the risk immediately. This is helping us to bring the risk under a little more control.
- Ash Dieback is anticipated to have a significant impact over the next ten years. Our action plan to tackle the issue will require resourcing. It was agreed at CET that we would use cash to fund any necessary remedial work for now, whilst we establish whether there is a need for anything more formal/permanent. We have an existing reserve, and an annual revenue budget for this purpose. If this proves to be inadequate to deal with urgent health and safety risks, the project sponsor will raise this as a revenue pressure. We have a revenue budget and reserve for ADB – particularly for trees posing a danger - and will highlight any budgetary pressures following that. The estimated cost of dealing with the current sample of inspected trees (worst case scenario) is potentially significant, around £2m.
- Project updates are reported on a regular basis.
- A briefing paper on our approach went to Cabinet in December 2019.

Ancillary controls (newest first):

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications

Corporate Risk Register (September 2022)

Team manage media and public relations and internal communications on the matter.

- The issue is so significant we are focussed solely on critical controls at this stage.
- Whilst no formal collaboration is in place, we will work with neighbouring authorities informally. We have agreed to meet regularly with Conwy to discuss progress informally; to learn from one another's experiences, and to ensure we deal with the problem efficiently - doing things once.
- Carbon absorption and biodiversity improvement, with favourable replanting/habitat/land management ratio, will be considered as part of the ADB action plan.

Relevant indicators of the effectiveness of controls:

- Under development but delivery of the action plan will demonstrate effective control measures have been implemented. Likely indicators to be available include the number of inspections and percentage of inspected trees in highest category of risk.

Assurance:

- Internal Audit Review Risk Management 2021

Residual Risk

C2 – Major Risk: Possible / High impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Major risk. Risk Appetite suggests that this should be at most a moderate risk. Our management of this difficult risk is in its early stages but progress is being made. Our current score reflects this and the serious potential for death or injury. Once our action plan is agreed and starts to be delivered (the action plan will be a 5-10-year effort), we would expect to see the residual risk reducing and brought closer to within our risk

Corporate Risk Register (September 2022)

appetite. We expect the likelihood to reduce, although the impact is anticipated to remain high.

Further Actions

1. Draft Corporate Ash Dieback Action Plan

Action plan will be informed by detailed mapping of the council's ash tree population and condition information, identifying those trees that need to be made a priority based on the level of risk.

Action Due Date: 31/03/23

Person Responsible: Emlyn Jones

2. Seek clarification about the council's legal responsibilities and duties in relation to ash trees on private land

Action Due Date: 31/03/23

Person Responsible: Emlyn Jones

Corporate Risk Register (September 2022)

Risk 45: The risk that the council fails to become a net carbon zero and ecologically positive council by 2030.

Lead Member(s): Councillor Barry Mellor

Risk Owner: Nicola Kneale

September update:

Controls have been updated, including links to indicators and assurance.

The action to “Ensure all of SLT, including any new members, attend one-day carbon literacy training” has been extended in light of the anticipated restructure at SLT and to reflect the current interim heads of service. A new action to roll out ecological literacy training in the spring 2023 has been added.

The risk score has not changed.

Description

Since declaring a Climate Change and Ecological Emergency in July 2019, we have developed a Climate and Ecological Change Programme to become a net carbon zero and ecologically positive council by 2030.

Anticipated direction of travel:

This risk is currently beyond our risk appetite. Our management of this difficult risk is in its early stages but progress is being made. Following positive feedback from Audit Wales on our programme management and organisational ambition on this agenda we are reassured that we have a well-scoped action plan in place. This risk will require close and very regular management to ensure controls are working as intended. We previously expected the likelihood to reduce, although the impact is anticipated to remain high. However, a national report about the public sector’s response more generally, to becoming carbon neutral by 2030, broadly says organisations need to be bold and take risks if they are to stand a chance of meeting this ambitious target. We have committed to reviewing our programme after two years (see further action below). At that point we will probably

Corporate Risk Register (September 2022)

need to increase momentum, make bolder decisions and be prepared to tolerate greater risks in order to become net carbon zero.

Impact / Consequences

- The impact of not fulfilling our programmes and realising benefits could result in poor social, cultural, economic and environmental outcomes. This could result in us not meeting our carbon reduction and absorption targets and not maximising benefits such as flood alleviation, urban cooling, contributing to keeping to temperature rise to 1.5 degrees or lower.
- Damage to reputation
- Financial liabilities
- Regulatory liabilities
- Deteriorating Staff morale
- Inability to meet statutory obligations

Inherent Risk

A1 – Critical Risk: Almost Certain / Very High Impact

Controls to Manage Risk (in place)

Critical controls (newest first):

- We are developing a programme for 2023 and 2024, including recruiting a procurement business partner to reduce emissions in our procurements. Other roles being explored will largely be expansions of existing roles and teams.
- A “deep dive” paper was presented to CET in November 2021, to explore what we could do to reduce the gap in our risk appetite. It was concluded that we should tolerate uncertainty around this the risk for the next 2 years, by the end of which time we should have sufficient information (about our costs, capacity and the results we have achieved to date), to determine whether we are likely to become net carbon zero. A national report about the public sector’s response more generally, to becoming carbon neutral by 2030, broadly says organisations need to be bold and

Corporate Risk Register (September 2022)

take risks now if they are to stand a chance of meeting this ambitious target. At the point our review, we will probably need to increase momentum, make bolder, braver decisions and be prepared to tolerate greater risks in order to become net carbon zero.

- Climate Change team has been established, with a programme board in place. Resource plans are in place for services for key areas of the Climate and Ecological Change Programme.
- The Climate and Ecological Change programme actively seek opportunities for external grant funding
- Introduction to Climate Change training is available to all staff. Most of the Senior Leadership Team have attended a one-day accredited Carbon Literacy course. Intranet pages launched to increase awareness of staff to the contribution they can make.
- Active participation in national, regional and local strategy and operational groups to leverage benefits from collaboration.
- We are anticipating some feedback from Audit Wales regarding performance and judging success of the Climate and Ecological Change programme and how the Council will ensure resources are in place to deliver the programme.

Ancillary controls:

- Effective programme management is in place, including communications and risk management.
- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.

Relevant indicators of the effectiveness of controls:

- NCZCORP: Net Carbon Zero - Total carbon tonnage emitted and absorbed by the council (excluding supply chains)

Corporate Risk Register (September 2022)

- STOTALCORP: Total carbon tonnage sequestered (Corporately) for the Net Carbon Zero goal
- SRHIGHCORP: Percentage of DCC owned and operated land in highest categories of species richness
- SRLOWCORP: Percentage of DCC owned and operated land in lowest categories of species richness

Assurance:

- Internal Audit Review planning prompts for testing-related controls in all relevant projects
- Office Accommodation Internal Audit Review 2020
- Included in Internal Audit 2022/23 plan
- Audit Wales – Delivering Environmental Ambitions 2020-21

Residual Risk

B2 – Critical Risk: Likely / High

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Critical risk. Risk Appetite suggests that this should be at most a minor risk. Our management of this difficult risk is in its early stages but progress is being made. We expect the likelihood to reduce, although the impact is anticipated to remain high. It is unlikely that this risk will be brought closer within our risk appetite for some time to come. Although, clearly, our ambition is to meet the target, we hope to be able to reduce the impact of the risk closer to 2030 once sufficient benefits and positive impacts have been achieved.

Corporate Risk Register (September 2022)

Further actions:

- 1. Ensure all of SLT, including any new members, attend one-day carbon literacy training**

Action Due Date: 31/03/2023

Person Responsible: Jane Hodgson

- 2. New action: Roll out ecological literacy training in the spring 2023**

Action Due Date: 31/03/2023

Person Responsible: Jane Hodgson

- 3. Conduct a review at the end of year two to map benefits against resources**

Action Due Date: 31/03/2023

Person Responsible: Jane Hodgson

Corporate Risk Register (September 2022)

Risk 47: The risk that the new North Wales Corporate Joint Committee (CJC) results in the council having less influence and control at a local level

Lead Member(s): Councillor Jason McLellan

Risk Owner: Gary Williams

September update:

The description and anticipated direction of travel have been updated with the latest position.

The risk score has not changed.

This risk is being recommended for removal, potentially to be managed elsewhere, in relevant service risk registers should it still be considered a risk.

Description

The Local Government and Elections (Wales) Act 2021 created provision for the establishment of Corporate Joint Committees (CJC). The new North Wales CJC has been established with responsibility to lead, on behalf of the region, on three key functions:

1. Strategic development planning
2. Regional transport planning
3. Regional economic development

It is currently supported by the six local authorities and Snowdonia National Park. It has been agreed in principle that the NWEAB will become a sub-committee of the CJC, although some regulatory changes will be needed to enable that to take place.

The CJC set its budget in January 2022. The functions of the CJC became “operational” in June 2022, but detailed arrangements are still being discussed and explored in line with

Corporate Risk Register (September 2022)

the long term nature and focus of the CJC. Scrutiny arrangements have yet to be confirmed.

The CJC offers opportunities to establish a strategic and regional approach to these three functions to develop Denbighshire's economy and communities. However, there is a risk that there is insufficient clarity, time and engagement to capitalise on these opportunities. There is a risk that the council puts in a lot of effort but doesn't receive a proportionate return on investment, or a risk of reduced local oversight. Conversely, there is also a risk that the CJC is not used to maximum benefit.

Anticipated direction of travel:

We anticipate that this risk will reduce, and potentially disappear once the CJC is fully established and operational. However, the risk should be re-evaluated by Cabinet at Cabinet Briefing before it being removed from the risk register. There are no performance measures currently available to quantify progress in reducing this risk.

Impact / Consequences

- Failure to agree a regional approach to the workings of the CJC.
- Failure to agree the budget annually.
- Risk of confusion between the CJC and the North Wales Economic Ambition Board, although somewhat mitigated by the agreement in principle (see above).
- Failure to maximise opportunities for the benefit of communities and businesses in Denbighshire.
- Poor services.
- Disproportionate return on investment.

Inherent Risk

C2 – Major Risk: Possible / High Impact

Controls to Manage Risk (in place)

Critical controls:

Corporate Risk Register (September 2022)

- Denbighshire's Leader is a member of the North Wales CJC
- We continue to meet internally to discuss the CJC (CET plus Leader, Deputy Leader and Head of Planning, Public Protection and Countryside Services)
- The North Wales Chief Executives are monitoring the implementation of the CJC and a project is in place to support monitoring to take place.

Ancillary controls:

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.

Relevant indicators of the effectiveness of controls:

- The CJC will eventually be subject to performance reporting requirements.

Assurance:

- Scrutiny arrangements are to be confirmed.
- The North Wales CJC will have its own Governance and Audit Committee.
- The North Wales CJC will have its own Standards Committee arrangements.
- CJC's are likely to be subject to audit arrangements that are similar to local authorities, for example by Audit Wales

Residual Risk

D3 - Moderate Risk: Unlikely / Medium

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes

Corporate Risk Register (September 2022)

Risk 48: The risk that recruitment and retention issues, leading to a loss of expertise and capacity, worsen resulting in poor or inadequate services

Lead Member(s): Councillor Julie Matthews

Risk Owner: Graham Boase

September update:

The controls have been updated. Planned assurance has been added to our controls.

While pressures in relation to recruitment and retention in social care and health in particular, are acute the risk level across the organisation and across all services remains the same as it was in February 2022 and so the risk score has not changed.

Description

Many services have been struggling to recruit and retain staff for some time, particularly – but not limited to - critical front line social care and health and highways and environment roles. This is a national issue for the care sector. At the root of this are many factors, including the relatively low wages, high demands, and sometimes a perceived lack of esteem/value in the care career path in particular. There are also some regional pressures associated with neighbouring employers offering higher salaries.

The behaviour changes resulting from social-distancing measures - with the pivot to home working now common in many workplaces – means people are now able to apply for jobs from across Wales, UK and beyond.

Furthermore, one emerging consequence of Covid-19 is that people are reassessing their situation and ambitions and are making different life choices, which sometimes involves leaving their roles.

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With the resurgence of the hospitality and retail sectors following Covid-19, potential new employees and some existing employees (whether employed by the council or an agency), are taking positions in these sectors instead.

These changes also present opportunities, with the council being able to position itself to attract a wider pool of talent from a much larger geographical area.

Please note: EU Nationals within DCC were required to apply to the Settled Status Scheme to remain working in the UK. The deadline has now passed. The risk associated with EU nationals was mitigated and the Brexit risk register has been closed.

Anticipated direction of travel:

The risk, in terms of its likelihood and impact, is not fully understood at present. What is more, the severity of the risk will not be the same for all services (for example, in relation to [risk 1](#) and [risk 34](#) (the risk that demand for specialist care cannot be met locally)). There is most acute concern in adult and children's services, followed by concern in highways and environment roles, in environmental health and finance roles for example. We had anticipated that this risk – in terms of for the whole council – would reduce in the medium term but this looks uncertain. Our hope is that this risk will reduce and can eventually be managed solely by Services themselves with support from Legal, HR and Democratic Services. There are no performance measures currently available to quantify progress in reducing this risk.

Impact / Consequences

- Failure to recruit to and retain staff in key roles, including front line positions
- Difficulty in sustaining services
- Difficulty meeting statutory requirements
- Deteriorating staff morale/well-being
- Increased pressure on middle and senior managers
- Reputational damage, i.e. the council isn't perceived to be a desirable employer with favourable terms and conditions
- Failure to position Denbighshire as a great place to work

Corporate Risk Register (September 2022)

- Individual(s) experience significant harm or death.

Inherent Risk

B3 – Major Risk: Likely / Medium Impact

Controls to Manage Risk (in place)

Some services are taking specific actions, such as Highways and Environment Service working with Working Denbighshire or Adult's Services working with Communities and Customers to deliver a targeted recruitment programme. This risk though captures the impact on the organisation corporately and the following controls reflect a corporate response. Whilst these controls are regarded as important to undertake, we are not currently certain that they will reduce the risk. There are regional and national pressures around recruitment and retention and some of these pressures may resolve themselves as we recover from Covid-19, for instance.

Critical controls:

- A new group has been established looking a recruitment issues in care. This is chaired by Nicola Stubbins. An action plan has been developed and is being delivered for social care workers. This includes a review of career grades. A new recruitment specialist has been created to support the delivery of the project plan.
- HR completed workforce planning with all services in November 2021, and included discussion about recruitment and retention. The subsequent Corporate Workforce Plan has been discussed with CET and SLT. Recruitment and retention has been identified as a corporate concern and a number of actions have been agreed in the delivery plan. HR are, alongside Services, exploring a range of different strategies that could be put in place to support recruitment activities and help with retention, such as upskilling our own employees; working with partners, job redesign and market supplement payments. Market supplements and other tools have been discussed for some roles, however to date, no market supplements have been implemented.

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- A Real Living Wage (RLW) workshop was held with full Council on September 14, 2021, and options and implications of the Council becoming a RLW employer were discussed. The outcome was:
 - The council would continue to pay all staff on the basis of the nationally negotiated and agreed rates of pay.
 - The current pay offer for 2021/22 would, if accepted, mean that all staff would be paid at or above RLW rates.
 - This is a complex and difficult issue to resolve locally without completing a complete review of the council's pay structure and procurement position which would be time consuming and costly. The payment of RLW across the sector would appear to require a coordinated and consistent national approach.
 - It was recommended that the council engages with the debate at national level to ensure that any future solution is practicable and funded.
- Activities that are likely to be considered in relation to a taking a corporate approach to the issue could include a review of our marketing, recruitment process, and how managers and 121s support learning and development.
- Denbighshire County Council has written to the UK Government following a Notice of Motion that was put before a meeting of Full Council on 12 October 2021. The letter urges UK Government to designate, as a matter of urgency, social care workers as skilled workers, in order that they meet the entry requirements of the post-Brexit points-based immigration system introduced in January 2021.
- Work experience, career grade job roles, apprenticeships are available in the council.
- Work is taking place regionally to tackle particular/acute recruitment issues (such as those in social care and health).
- We are adopting a more commercial, marketed approach to recruitment.
- A real living wage workshop too place with Full Council on 14 September 2021.

Ancillary control (newest first):

- A Corporate Business Continuity Group (CBCG) exists and services should all update business continuity plans regularly.

Corporate Risk Register (September 2022)

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- Denbighshire County Council has written to the UK Government following a Notice of Motion that was put before a meeting of Full Council on 12 October 2021. The letter urges UK Government to designate, as a matter of urgency, social care workers as skilled workers, in order that they meet the entry requirements of the post-Brexit points-based immigration system introduced in January 2021.

Relevant indicators of the effectiveness of controls:

- LHRD10i: % of people who started in the last 12 months and who are still working for DCC
- SHR105i: The percentage of services that have completed the annual workforce planning review at Quarter 3

Qualitative indicators (delivery of activities):

- CSS20/4002a Work with partners to focus on recruitment to care and career pathways for young people – Agencies (Imogen Blood) / Micro enterprises / FE Colleges /Volunteer groups
- WFP1a: Refresh the workforce planning template and programme

Assurance:

- A report about recruitment and retention will be presented to Governance and Audit Committee in January 2022.
- A review of recruitment and retention will be undertaken by Internal Audit during January and March 2023.

Corporate Risk Register (September 2022)

Residual Risk

B3 – Major Risk: Likely / Medium Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes. If operational and policy delivery is regarded as the most significant impact, our risk appetite in this regard is open.

Corporate Risk Register (September 2022)

Risk 49: The risk that the future funding regime doesn't allow the council to continue to support the most vulnerable learners and disengaged young people in the way we have been through EU funding

Lead Member(s): Councillor Gill German and Councillor Jason McLellan

Risk Owner: Nicola Stubbins

September update:

All sections have been updated to reflect the latest position in relation to the Shared Prosperity Fund. The residual risk score has been reviewed and has decreased from A2 – Critical Risk: Almost Certain / High Impact to C3 – Moderate Risk: Possible / Medium Impact. The risk is back within our risk appetite.

Description

The European Structural Fund (ESF) 2014-2020, supported four projects within Denbighshire. For example, ESF supported the TRAC and ADTRAC 11-24 project that provides interventions aimed at vulnerable learners identified as being at risk of disengaging from education.

The effective work and interventions of the TRAC officers have led to more safeguarding concerns being identified. The effectiveness of the project being an integral service in Education and Children's Services has also led to a wider understanding and capacity to support some of our most vulnerable young people. ADTRAC has also proven to be effective in reducing young people at risk of becoming disengaged or NEET (not in education, employment or training).

Funding ceased at the end of the 2021-22 academic year. This risk was identified at a point in time when funding from the ESF was expected to be replaced by a UK Shared Prosperity Fund.

Anticipated direction of travel:

Corporate Risk Register (September 2022)

EU funding has ceased. We previously had low level confidence that some funding will be available. We were confident, given our explicit intention to support vulnerable young people and learners in the Regional Investment Plan (see controls), that this risk could be removed as the Shared Prosperity Fund and the Regional Investment Plan are implemented. However, continued and worsening economic pressures has resulted in a less certain outlook for this risk. It will remain on the corporate risk register until such time funding is confirmed.

Impact / Consequences

The range of interventions available are currently keeping the most challenging, vulnerable and disengaged learners and young people in education, employment or training. A significant proportion of participants are identified as having additional learning needs. This has had a positive impact on Not in Education, Employment or Training (NEET) outcomes. However, we know that this would not be in their best interests. We are also confident we would still see an impact on young people's unemployment.

Loss of this provision could lead to:

- Educational provision that does not meet the needs of learners at risk of disengaging
- More learners leaving school without qualifications and a greater number of young people becoming NEET
- Decrease in school attendance and an increase in exclusions from schools;
- Worse health and well-being, including an increase in the number of learners and young people in Denbighshire with mental health difficulties but not receiving support, particularly boys
- Increased risk of disengaged learners becoming involved in risky and/or anti-social behaviours and the impact of this on families and communities;
- Reduced counselling capacity and availability
- Missed safeguarding opportunities and / or later referrals at child protection level
Greater pressure on wider public services, including significant additional resource pressures on schools absorbing the caseloads

Corporate Risk Register (September 2022)

The worst case scenario, should the UK Shared Prosperity Fund be unavailable, is that, from an education point of view, those disengaged learners will return to school.

Inherent Risk

A2 – Critical Risk: Almost Certain / High Impact

Controls to Manage Risk (in place)

Critical controls (*most recent first*):

- Levelling Up and Shared Prosperity Funding is focussed on addressing issues outstanding after the end of EU funded programmes (capital and revenue funding).
- The Regional Investment Plan for the Shared Prosperity Fund plan has been produced. 29 interventions across the three pillars (People & Skills, Supporting Local Business, and Communities & Place) effectively describe the scope of eligible activity.
- We are working on an assumption that we will be able to draw down Shared Prosperity funding to fund the most critical interventions (TRAC (school-aged) and ADTRAC (non-school aged young people)) that were funded by ESF funds.
- The Plan is explicit about our intention to continue to support this group of young people. We are awaiting feedback from Welsh Government; an announcement is expected in October 2022.
- Potentially £21.2m could be allocated to Denbighshire over three years. Each county will decide how its money is spent. Governance arrangements are being established, and include the creation of a partnership group, to inform and shape decisions around local investment.
- The Budget Board agreed, in February 2022, to temporarily fund the continuation of the project, at risk, in anticipation of a positive announcement about the Regional Investment Plan being made this year. It is expected that we will be able to claim the money back.
- A report (“TRAC and the risks exposed by the conclusion of ESF”) was discussed by SLT in October 2021.

Corporate Risk Register (September 2022)

- The council put in place interim arrangements for managing the Community Renewal Fund for 2021 to 2022.

Ancillary controls:

- We will keep in touch with Welsh Government on the Youth Progression Framework (because TRAC and ADTRAC are interventions to address disengagement and reduce learners and young people from becoming NEET).
- Monitoring updates from WLGA to find out when we have a chance to influence the allocation of the fund.
- Opportunity to lobby more as a region.
- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.

Relevant indicators of the effectiveness of controls:

- NEET rate
- Attendance at school

Assurance:

- For now, regular reports to the Regional Engagement Team (EU).

Residual Risk

C3 – Moderate Risk: Possible / Medium Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Yes

Corporate Risk Register (September 2022)

Risk 50: The risk that Welsh Government's commitment to eliminate profit from the care of Looked After Children results in an unstable or unsuitable supply of placements

Lead Member(s): Councillor Gill German and Councillor Elen Heaton

Risk Owner: Nicola Stubbins

September update:

The risk has been reviewed and no changes were made.

Description

The Welsh Government's Programme for Government makes a commitment to 'eliminate private profit from the care of looked after children during the next Senedd term'.

The objective of removing profit is a positive one and it has the region's resounding commitment. However, it is imperative that Welsh Government take steps in pursuit of not-for-profit arrangements that do not disrupt children and young people's lives in the short term.

Our key concern is that providers become unsettled and the sufficiency and suitability of placements will be affected, affecting the lives of Looked After Children.

This risk is closely linked to [risk 34](#) (the risk that demand for specialist care cannot be met locally).

Anticipated direction of travel:

This is a new risk, which has been regionally agreed. We will review the anticipated direction of travel as our management of this risk progresses over the next few months.

Corporate Risk Register (September 2022)

Impact / Consequences

- Reduction in the number of placements for Looked After Children both generally and within the region or reasonable travel distance to the region.
- Current placements will be destabilised.
- Reduced investment in the area to develop local supply by private providers.

Inherent Risk

B2 – Critical Risk: Highly likely / High Impact

Controls to Manage Risk (in place)

Critical controls:

- Work with Welsh Government to ensure children are supported as close to home as possible.
- Raise the issues connected with this approach with Welsh Government and stress that a detailed and informed approach, attuned timing, and compatible messaging is essential to the competent management of the journey.
- Identify other alternative provision that is available
- Raise awareness within the Regional Partnership Board and partner organisations.
- Apply caution with the ongoing work of the NWWB and the investments required in ASC
- The Regional Commissioning Board to consider other models such as In-house delivery

Ancillary controls:

- None.

Relevant indicators of the effectiveness of controls:

- Costs associated with care for LAC will be available.

Corporate Risk Register (September 2022)

Residual Risk

C3 – Moderate Risk: Probable / Medium Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

On the basis that we have an Open Risk Appetite in relation to operational and policy delivery, yes.

Appendix 2: Risk Scoring Matrix

Grading the likelihood of an event

Grade	% chance	Description
A: Almost Certain	Over 70%	Event is almost certain to occur in most circumstances
B: Likely	30% to 70%	Event likely to occur in most circumstances
C: Possible	10% to 30%	Event will possibly occur at some time
D: Unlikely	1% to 10%	Event unlikely and may occur at some time
E: Rare	Under 1%	Event rare and may occur only in exceptional circumstances

Rating the impact of an event

Rating	Time / cost / objectives	Service performance	Reputation	Financial cost
1: Very High	More than 50% increase to project time or cost. Project fails to meet objectives or scope.	Unable to deliver core activities. Strategic aims compromised.	Trust severely damaged and full recovery questionable and costly.	Over £5million

Rating	Time / cost / objectives	Service performance	Reputation	Financial cost
2: High	20% to 50% increase to project time or cost. Impact on project scope or objectives unacceptable to sponsor.	Significant disruption to core activities. Key targets missed.	Trust recoverable at considerable cost and management attention.	£1million to £5million
3: Medium	5% to 20% increase to project time or cost. Major impact on project scope or objectives requiring sponsor approval.	Disruption to core activities / customers	Trust recovery demands cost authorisation beyond existing budgets.	£350,000 to £1million
4: Low	Less than 5% increase to project time or cost. Minor impact on project scope or objectives.	Some disruption to core activities / customers	Trust recoverable at modest cost with resource allocation within budgets	£50,000 to £350,000
5: Very Low	Insignificant increase to project time or cost. Barely noticeable impact on project scope or objectives.	Minor errors or disruption.	Trust recoverable with little effort or cost.	Less than £50,000

The combination of impact and likelihood results in a risk exposure rating of:

Risk Score	Risk Severity	Escalation Criteria
C5, D4, D5, E4, E5	Minor	Risk easily managed locally – no need to involve management
A5, B4, B5, C3, C4, D3, E2, E3	Moderate	Risk containable at service level – senior management and SLT may need to be kept informed
A3, A4, B3, C2, D1, D2, E1	Major	Intervention by SLT with Cabinet involvement
A1, A2, B1, B2, C1	Critical	Significant SLT and Cabinet intervention

Summary of Denbighshire's Risk appetite statement (as agreed September 2020)

Denbighshire County Council's risk appetite in relation to different aspects of council business is summarised below:

- **Reputation and Credibility** – Open risk appetite, willing to consider all options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money). This means we will tolerate minor, moderate or major risks.
- **Operational and Policy Delivery** – Open risk appetite, willing to consider all options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money). Again, this means we will tolerate minor, moderate or major risks.
- **Financial Projects** - Open risk appetite, willing to consider all options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money). As above, we will tolerate minor, moderate or major risks.
- **Financial Treasury Management** – Cautious risk appetite, preference for safe options that have a medium degree of inherent risk and may have some potential for rewards. Within this risk appetite, we will only tolerate minor or moderate risks.
- **Compliance and Regulation - Safeguarding** – Minimalist risk appetite, preference for ultra-safe options where the well-being of individuals is concerned, with a low degree of inherent risk and have a potential for only limited (safe) reward. This means we will only accept minor risks in this area.
- **Compliance and Regulation - Other** – Cautious risk appetite, preference for safe options that have a medium degree of inherent risk and may have some potential for rewards. Again, we will only tolerate minor or moderate risks in this area.
- **People (Workforce) Learning and Development** – Cautious risk appetite, preference for safe options that have a medium degree of inherent risk and may have some potential for rewards. As above, minor or moderate risks only will be tolerated.
- **People (Workforce) Terms and Conditions** – Minimalist risk appetite, preference for ultra-safe options that have a low degree of inherent risk and have a potential for only limited reward. This means we will only accept minor risks in this area.

Corporate Risk Register

The Council's Corporate Risk Register (CRR) contains the Council's most serious risks. It is owned by Cabinet and the Senior Leadership Team (SLT).

We define our risks using a scale of likelihood of the risk occurring and the impact of the risk occurring. We also determine whether the risk is in line with our risk appetite. Risk appetite is the level of risk we are prepared to tolerate or accept in pursuit of our long term, strategic objectives.

The Risk Management Strategy is available [on our website](#).

Risk Score	Risk Severity	Escalation Criteria
C5, D4, D5, E4, E5	Minor	Risk easily managed locally – no need to involve management
A5, B4, B5, C3, C4, D3, E2, E3	Moderate	Risk containable at service level – senior management and SLT may need to be kept informed
A3, A4, B3, C2, D1, D2, E1	Major	Intervention by SLT with Cabinet involvement
A1, A2, B1, B2, C1	Critical	Significant SLT and Cabinet intervention

CONTINUED OVERLEAF

Summary of current corporate risks and score (September 2022)

We have 20 corporate risks on our register. 55% (11) are outside of our risk appetite.

<p>NON-FINANCIAL AND REGULATORY</p> <ul style="list-style-type: none"> • Safeguarding (A1 – Critical Risk Almost certain / Very high impact)¹ • Negative reports from external regulators (C3 – Moderate Risk: Possible / Medium Impact) • Health and safety (E2 – Moderate Risk: Rare / High Impact) 	<p>FINANCIAL</p> <ul style="list-style-type: none"> • Economic environment worsens (council) (B2 – Critical Risk: Likely / High Impact) • Economic environment worsens (businesses and communities) (B2 - Critical Risk: Likely / High Impact) • Alternative models of service delivery (C2 – Major Risk: Possible / High Impact) • Budgetary decisions are not taken or implemented quickly enough (C2 – Major Risk: Possible / High Impact) • Fraud and corruption (E2 – Moderate Risk: Rare / High impact) • Cost of care is outstripping resource (C2 – Major Risk: Possible / High Impact)
<p>OPERATIONAL</p> <ul style="list-style-type: none"> • Ineffective response to a serious event (C3 – Moderate Risk: Possible / Medium Impact) • Demand for specialist care cannot be met locally (B2 – Critical Risk: Likely / High Impact) • Recruitment and retention issues (B3 – Major Risk: Likely / Medium Impact) • Ash Dieback Disease (C2 – Major Risk: Possible / High impact) • Vulnerable and disengaged learners (C3 – Moderate Risk: Possible / Medium) • Placements for Looked After Children (C3 – Moderate Risk: Probable / Medium Impact) 	<p>STRATEGIC</p> <ul style="list-style-type: none"> • Strategic misalignment between the Health Board and the Council (C2 – Major Risk: Possible / High Impact) • Programme and projects don't deliver (B2 - Critical Risk: Likely / High Impact) • Senior leadership capacity and skills (C3 – Moderate Risk: Possible / Medium) • Partnerships and inequalities and deprivation (C2 – Major risk: Possible / High Impact) • Net carbon zero and ecologically positive council (B2 – Critical Risk: Likely / High)

For more information, or to see the full Corporate Risk Register, please contact the strategicplanningteam@denbighshire.gov.uk.

¹ Please note: The risk score has been increased on the basis of our assessment that the chance of this occurring is currently higher than it was previously. Although we do not regard the likelihood as “almost certain to occur in most circumstances” (which is the definition of Risk Likelihood A in our risk methodology), the risk has certainly increased. It therefore feels appropriate to increase the Risk Likelihood score, and that means increasing it from B to A. Increasing the risk score enables the risk to be further prioritised and escalated, which feels appropriate and necessary at this time.

Report to	Governance and Audit Committee
Date of meeting	23 November 2022
Lead Member / Officer	Lead Member for Corporate Strategy, Policy and Equalities and Barry Eaton, Interim Head of Business Improvement & Modernisation
Report author	Barry Eaton, Interim Senior Information Risk Owner (SIRO)
Title	SIRO report for 2021-22

1. What is the report about?

1.1 The report covers the period **April 2021 to March 2022** and provides information on the Council's information governance. This includes information about data breaches of the Data Protection Act that have been subject to investigation by the DCC Senior Information Risk Officer. The report also covers data about Freedom of Information, Environmental Information and Data Protection requests received by the Council, including those that have been referred to the Information Commissioner's Office (ICO). The report also includes information about Denbighshire's schools.

2. What is the reason for making this report?

2.1 The Council's Data Protection Policy requires an annual report on progress to the Governance and Audit Committee to allow Member oversight of the process.

3. What are the Recommendations?

3.1. That the contents of the report are noted by the Committee

4. Report details

Alongside the Data Protection Officer, the Senior Information Risk Owner (SIRO) has an explicit responsibility to ensure that information held by the Council is managed safely, effectively and in accordance with the legislation. The systems designed to ensure that

these roles are carried out successfully depend on transparency and openness, so it is especially important that Members have oversight of the process.

The report this year has more information than in previous years due to the Council's increased investment in the safe management of data, including:

- Greater engagement with Schools
- Additional dedicated officer time made available in Legal Services
- An effective cross-council collaboration in the form of the Information Governance Group, chaired by the Council's Senior Information Risk Officer
- Awareness raising across all services through training and dedicated support

Even despite these improvements, data breaches still occurred, and these are described below, along with the information of the Council's role in managing Freedom of Information Requests, Environmental Information Requests and Data Protection requests (Subject Access Requests).

4.1 Data Protection Breaches

Between April 2021 and March 31st, 2022 there were 36 data incidents involving personal data, an increase on last year when there were 22.

Table 1: Data protection breaches notified during 2021/22

<u>Reason for breach</u>	<u>Quantity</u>
Incorrect email recipient	15
Incorrect letter recipient	12
Pre-populated template sent as an email or letter attachment, rather than a blank copy	4
Group email addresses visible in CC field, rather than BCC field	1
Call transferred externally, rather than internally	1
Incorrect message recipient on work mobile phone	1
Incorrectly redacted information	2

Although none of these incidents was considered reportable (to the Information Commissioner’s Office), it is still a significant increase. The underlying cause of these is essentially human error, but as SIRO I have some concerns that these instances have become more common because most office based staff have been working away from the office during the year, and they have therefore not had access to the same checking processes in place at their normal place of work. To counter this, new procedures for remote ‘checking’ are being explored, including:

- Whether it is possible for Microsoft Outlook to stop automatically formulating external email addresses in the recipient section – ongoing, IT
- Whether it is possible for a pop up to appear on Microsoft Outlook to confirm whether the sender wants to send the email (as it does when an email has no subject, without an attachment etc.) when addressed to an external recipient – ongoing, IT
- When reports are being printed by Business Support Staff on behalf of another member of staff who is not in the office, this report is printed and scanned back to the relevant member of staff to check, prior to the report being posted – ongoing, Social Services

Refresher training on data protection has been launched for all staff, which includes advice on managing data safely when working away from the office.

4.2 Freedom of Information (FOI) and Environmental Information Regulation (EIR) Requests

There were a total of 1009 FOI and EIR requests during the 12 months to 31st March 2022.

Table 2: Number of completed requests for 2014/15 to 2021/22

Year	Total Requests Received	Number Within Deadline	Percentage Within Deadline
14/15	1138	1038	91%
15/16	1236	1153	93%
16/17	1331	1281	96%
17/18	1367	1303	95%
18/19	1500	1425	95%
19/20	1261	1221	96%

20/21	1196	1010	84%
21/22	1009	880	87%

FOI and EIR requests decreased significantly during 21/22, down 12% on 20/21, with the pandemic being the primary cause (redeployment of staff and staff absence). This year requests have risen to close to 100 a month this year, which is similar to the 2019 levels of requests. Requesters who had disappeared during the pandemic have returned, notably political parties and businesses.

The ICO require at least 90% of FOI and EIR requests to be responded to within deadline. We have not met this target for the last two years because of the impact of the pandemic; response rates of 84% and 87% are satisfactory given the circumstances.

4.3 Data Protection Requests (Requests for personal data)

Received total: 203

Subject Access Requests: 87

Exemption Requests: 116

Within assigned deadline: 183 (90%)

Caveat:

- Children’s Services figures are now included in the above statistics - they were excluded in previous years. Higher statistics are evident for Children’s because Data Protection cases are more likely to be recorded centrally since the Children’s process restructure circa October 2021.
- Police requests don’t technically have a statutory “deadline” date like SARs do (more an expectation of “as soon as possible”). They have been recorded here as “Out of Deadline” if they go over a calendar month.
- Total response stats are just over 90% for the year. However, it remains difficult, since the start of the Covid period, to get hold of data from services allowing sufficient time to assess, redact and query for disclosure within deadline.

4.4 Internal Reviews

In some cases, decisions regarding access to information were challenged by the requester and an internal review was undertaken.

For FOI and EIR requests there were 15 of these over the last 12 months, 10 of which were all or partially upheld. There was a 37% decrease in internal reviews from a high of 24 last year. This is partly due to the decrease in the number of requests, but there also seems to have been less appetite for challenges to responses. There was an increase in the number of complaints that were partially upheld – due mainly to more information being found after the original response had been sent. Steps have been taken to limit this happening.

There is no statutory internal review under Subject Access, however, the ICO do recommend a review process. One such review took place and the request was rejected as being excessive and unfounded.

Where issues cannot be resolved directly with the requester, or where they are complex or sensitive cases, they can be considered by the Access to Information Panel, chaired by the Head of Legal, HR and Democratic Services. The Panel resolved one such matter by email during the year, the decision being to remove a business rates dataset from the website to reduce the risk of fraud.

4.5 Welsh Language Commissioner Complaint

There was one complaint to the Welsh Language Commissioner about a delay in dealing with a Welsh Language EIR request. The Council have responded that the request was delayed largely owing to staff leave, and also to EIR legislation, and the number of records to be disclosed. The request was therefore not delayed because it was a Welsh Language request.

4.6. Information Commissioners Office

The ICO investigated one complaint about an EIR request submitted to the Council in 2020, and published their decision on their website in December 2021. The exemptions the Council applied were upheld, however, we were criticised for not responding to the requester within the statutory deadline. The ICO investigation caused approximately 100 hours of work (in addition to the many hours spent on the original request and internal review). IC-70644-T2D5

<https://icosearch.ico.org.uk/s/search.html?collection=ico-meta&profile=decisions&query=denbighshire>

The ICO also investigated a subject access request and found there had been an inappropriate delay in disclosure. The complaint was accepted and resolved at the time of the request. Additional training was implemented with Revs & Bens teams before the ICO contacted DCC. A full explanation was provided to ICO who took no further action.

There are three more data protection cases from 2021 which may result in ICO involvement – all three were large and complex subject access requests.

4.7 Schools

The Council now has a Deputy Data Protection Officer working exclusively with schools, and this has meant we have much better information on this sector. Schools are individually responsible for the way their data is managed and are their own data controllers, but the Council clearly has an interest in supporting them to achieve the highest standards in relation to data protection. We do this in all kinds of ways, including advice and access to our policies and procedures.

4.8 Data Breaches in schools

There were a total of 6 minor data breaches for the period April 2021 to March 2022 – none reportable to the ICO.

Similar to last year, the breaches resulted from pupil information being sent via post or email to the incorrect parent, or emails sent disclosing parents personal email addresses

to all recipients, (not using bcc). There was 1 case of loss of data due to an IT issue and that data being unrecoverable.

4.9 Freedom of Information and Data Protection requests to Schools

A total of 5 FOI requests were received by various schools.

1 FOI request was made to all schools, 3 further requests made to all Secondary schools and 1 further request to 1 school.

A total of 15 Subject Access requests (requests for personal information) were made to schools

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

5.1 This report supports the Council's objective to be efficient and effective, but is not directly linked to a corporate priority.

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

6.1. The report is for information only

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

7.1. A WBIA is not required.

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

8.1. N/A

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 Although this report is for information only, there would be a risk to the Council if proper information management and data protection systems are not maintained. Committee oversight is an important element of ensuring that our systems are effective.

11. Power to make the decision

11.1.1. No decision is required

Report to	Governance and Audit Committee
Date of meeting	23 rd November 2022
Lead Member / Officer	Councillor Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets / Steve Gadd, Head of Finance and Property
Report author	Steve Gadd
Title	Capital Process and the future of the Strategic Investment Group

1. What is the report about?

- 1.1. To update the committee on a proposed new capital budget setting process and draft changes to the Terms of Reference and name of the Strategic Investment Group.

2. What is the reason for making this report?

- 2.1. To provide the committee with an opportunity to comment on the new draft capital process and the proposed new Capital Scrutiny Group prior to making the formal changes required. It should be noted that the same draft proposals are being presented to Cabinet Briefing on the 14th November and a verbal update of the outcome of that meeting will be given to the committee

3. What are the Recommendations?

- 3.1. That the committee review and discuss the paper being presented and advise whether or not they are happy to proceed with the consultation and decision making process.
- 3.2. That Cabinet discuss and make comments or recommendations on the proposed changes to the capital process and terms of reference of reference that can then be reported back to Cabinet.

4. Report details

4.1 The future of the capital process and the Strategic Investment Group has been a priority for the last 18 months. Although it had been hoped that a proposal would be ready over the summer it is important that we get this right. The guiding principles behind the review have been:

- SIG (the backbench membership) had expressed concerns about their role in making key decisions – it was agreed that this would be considered in the review
- Need for strong governance about how we allocate and approve capital resources
- Scrutiny of decision making – including review of previous decisions/projects to learn from experience
- Simplification of decision making for low level grant-funded schemes
- Aim to synchronise the business case processes for capital projects and the wider project management processes of the Council (through the use of Verto)
- Address the support required for the proper administration of the processes

4.2 The majority of the details of the proposals are contained in the draft Terms of Reference and appendix which is included as Appendix 1 to this report. The main points of the proposal are:

- A new group would be created called the Capital Scrutiny Group – the group would scrutinise business cases and capital budgets but final decisions would not rest with this group. The CSG's views would be taken into consideration by the other decision making bodies set out below.
- Backbench membership of the CSG has been kept as nominations of the Scrutiny Committees – views of the Cabinet would be welcome on this issue
- The council's constitution allows Cabinet to approve individual capital schemes, with the annual Capital Plan requiring approval by the full Council (Chart B).
- Council Executive Team can approve schemes under £1m if CSG has recorded support (Chart C).
- Cabinet are required to make the final decision on all schemes over £1m (Chart C).

- Schemes under £1m, that are not supported by CSG, can be taken by the Head of Service to Cabinet for a final decision if agreement cannot be reached (Chart C)
- In-year grant funded schemes up to £0.250m in value do not need to go through CSG and can be approved by the Head of Service, the relevant Director and the Head of Finance.
- Further work is required on the details of the capital bid forms and process. The aim is that all capital projects will need to complete the Verto project forms – but that these will in the future include all the additional information required to make decisions on capital business cases. This is an ongoing project and detailed operational guidance will be developed by the spring.
- The proposal is that the CSG and the Budget Board will be supported by the Committee Services team from April 2023. Discussion have been ongoing on this issue and arrangements have been agreed in principle.

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

- 5.1. Many of the Council Priorities requires capital investment to be achieved. The proposal sets out a clear and robust process to ensure that decisions are taking which are affordable and seen in the wider context of affordability and competing resources.
- 5.2. Having a robust capital budget setting process to set a budget each year is a core duty of the Council and is crucial to ensure the good governance of the Council as set out in the new Corporate Plan.

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

- 6.1. Each business case will identify the financial implication of individual projects.
- 6.2. The proposal will impact on the resources of Committee Services – however Finance have agreed to fund any pressure from service reserves up to the end of 2024/25 financial year.

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

7.1. In the view of the Section 151 a wellbeing impact assessment is not required at this stage as this involves internal processes only.

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

8.1. The proposals have been discussed with key officers including the Chief Executive and Director of Governance and Business. The following decision making route should be noted:

- Cabinet Briefing – 14th November
- Governance and Audit Committee – 23rd November
- Final decision report to Cabinet in December
- Report to SLT will be scheduled if Cabinet agree to proceed
- Consult with the wider Council Membership
- The proposals would also require changes to the Constitution (including Financial Procedure Rules) which will be developed if Cabinet agree in principle. Changes to the Constitution are agreed on an annual basis.

9. Chief Finance Officer Statement

9.1 It is hoped that the proposed processes will ensure that decisions concerning capital strategies and projects will be more transparent, strategic and efficient. The hope is that most bids will come through the annual capital budget process so that competing bids can be assessed in the context of resources available, rather than taking isolated decisions. However in year decisions will always be required and the process allows for the proper scrutiny of those decisions.

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

10.1. The risk of not having an agreed process to develop, assess and scrutinise the Council's capital requirements could lead to sub-optimal decision making.

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.

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CAPITAL SCRUTINY GROUP

November 2022

DRAFT TERMS OF REFERENCE.

The Capital Scrutiny Group (SIG) will provide an independent review of all business case proposals for capital investment other than schemes under £0.250m that are funded by external grant funding. Final decisions will be taken by the following bodies as set out in Appendix 1, but will need to take account of the comments and views of the CSG:

- The council's constitution allows Cabinet to approve individual capital schemes, with the annual Capital Plan requiring approval by the full Council (Chart B).
- Council Executive Team can approve schemes under £1m if CSG has recorded support (Chart C).
- Cabinet are required to make the final decision on all schemes over £1m (Chart C).
- Schemes under £1m, that are not supported by CSG, can be taken by the Head of Service to Cabinet for a final decision if agreement cannot be reached (Chart C)

Quorum membership of CSG is achieved when two cabinet members are in attendance, one of whom is the lead member responsible for Finance and two CET members, one of whom is the S.151 Officer (or is represented by the Deputy S.151 Officer).

Ideally a consensus should be reached on decisions to support or not support individual bids. However the Lead Member with responsibility for Finance (Chair) can choose to take the decision to a vote if required.

CSG membership includes:

- Lead Cabinet member responsible for Finance (Chair)
- Leader of the Council
- Cabinet Member (to be nominated by Cabinet)
- Representative from each scrutiny committee
- Corporate Director for Governance and Business
- Head of Finance (S.151 Officer)
- County Landlord

Core Functions:

1. To review and comment on all capital schemes (other than those under £0.250m which are externally funded) and register support if appropriate.
2. The overall decision making process is outlined in Appendix 1. If CSG do not feel that they can support a particular scheme, then CSG can request that any concerns or comments that they wish to record are reported to Cabinet to make the final decision if the Head of Service wishes to pursue.
3. Ensure all bids for capital schemes:
 - Comply with all statutory requirements
 - Have a full Business Case (in the prescribed format)
 - Consider an environmentally enhanced (net carbon zero/ecologically positive compatible) business option.
 - Clearly identify the total funding requirement and potential sources of funding
 - Clearly identify current and future revenue implications, including the whole life cost over 20 years for the preferred business option as well as for the environmentally enhanced business option if it is not selected as the preferred option.
 - Explain the impact on the council's corporate assets, carbon emissions and biodiversity.
 - Support the council's agreed priorities, including Net Carbon Zero and Ecologically Positive Council by 2030 goals.
 - Include an assessment under the Wellbeing of Future Generations Act
4. Review and comment on the Medium Term Capital Strategy and the annual bids to be included in the Capital Budget each year.
5. Review a selection of capital bids previously approved on an annual basis and may any comments and recommendations to Cabinet as appropriate.
6. The Terms of Reference apply to schemes accounted for within the council's General Fund and the Housing Revenue Account (HRA). However, annual capital expenditure included in the 'block grants' approved as part of the annual Capital Budget approved by Cabinet and Council will not require approval for individual schemes. Also excluded are schemes in support of the maintenance of the council's housing stock and the ad-hoc acquisition of former housing stock disposed of under

the Right to Buy scheme, will be approved annually by Cabinet as part of the HRA revenue and capital budget process and will not routinely require further approval by CSG.

7. CSG will normally be scheduled to meet in the following months (6 times a year).

Also included is an outline of the workload for each meeting:

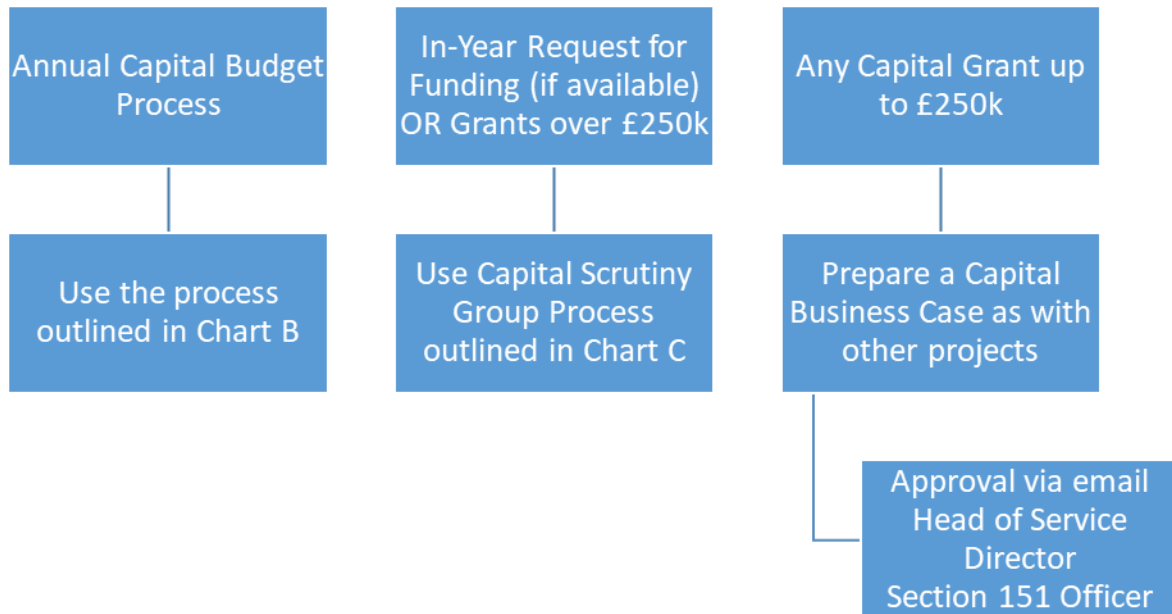
- May – review any in year bids
- July – review any in year bids and progress on annual capital budget process
- September – formal review of Medium Term Capital Strategy and the annual bids
- November – review any in year bids
- January – review of capital budget process and review any in year business cases
- March – review a selection of capital projects that are complete or part complete and review any in year business cases

However, it is recognised that the nature of some bids or proposals may require additional meetings or, subject to the agreement of the lead member responsible for Finance and the Head of Finance, consideration and approval of proposals via e-mail.

8. CSG will agree a summary of actions, taking into account confidentiality requirements, which will allow representatives of Scrutiny Committees to report back to those committees.
9. Review the training requirements of Members of CSG, SLT, Middle Managers and the wider Council membership on the capital decision making process on an annual basis.

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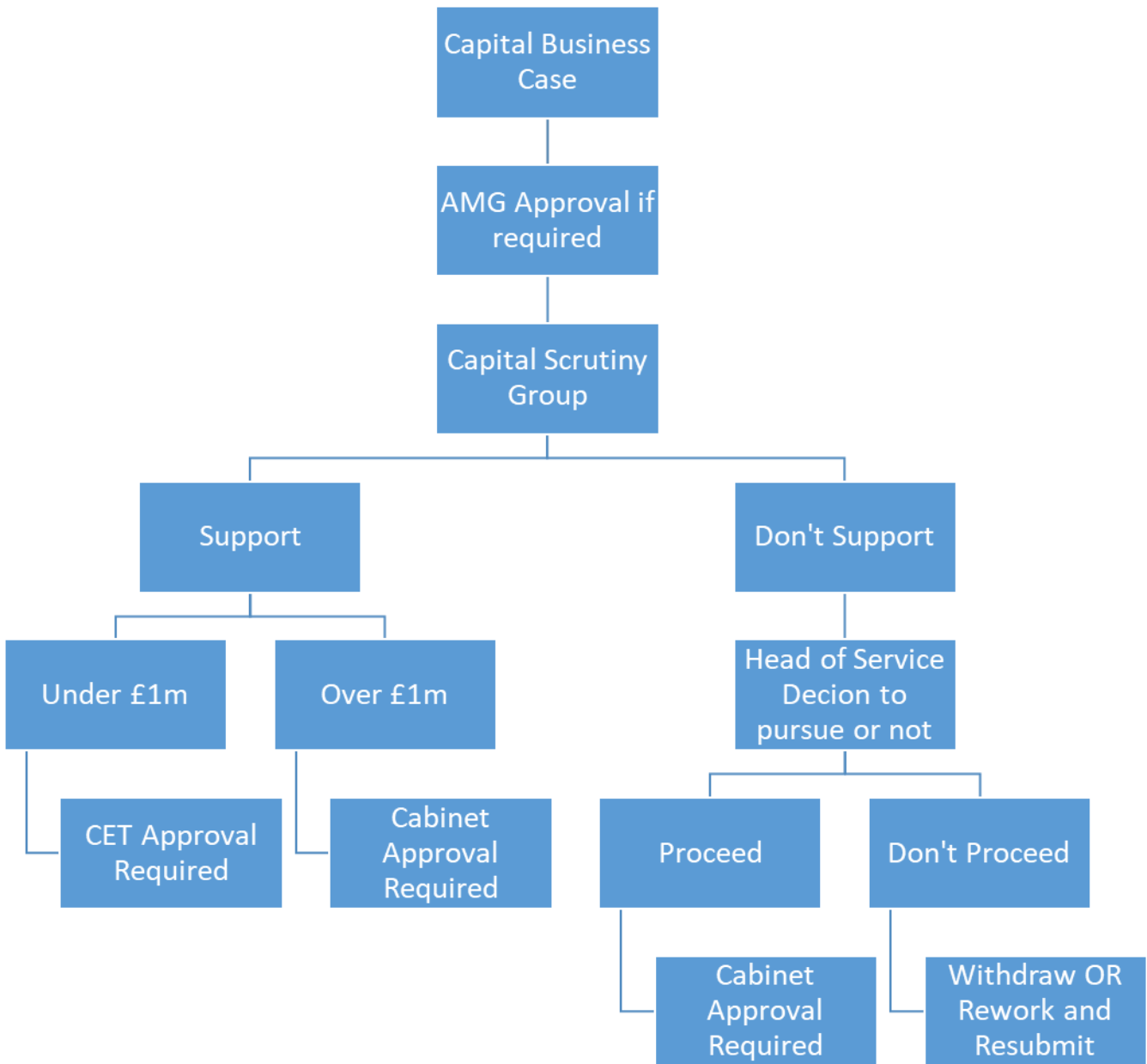
Summary of Capital Process (Chart A)



Annual Capital Budget Process - Intended for almost all non-granted bids (Chart B)



Capital Scrutiny Group Process – (Chart C)



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Report to	Governance and Audit Committee
Date of meeting	23rd November 2022
Lead Member / Officer	Councillor Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets / Steve Gadd, Head of Finance and Property
Report author	Steve Gadd
Title	Budget Process Update

1. What is the report about?

- 1.1. To update the Committee on the current Medium Term Financial Plan and Budget Timetable.

2. What is the reason for making this report?

- 2.1. To ensure the G&AC have received the latest information regarding the budget setting process.

3. What are the Recommendations?

- 3.1. Members note and discuss the latest budget timetable for setting the budget for 2023/24 and 2024/25 (see Section 4 and Appendix 1).
- 3.2. Members note the latest budget forecasts for the budget position for 2023/24 and 2024/25 (see Section 4 and Appendix 1).
- 3.3. It is recommended that Members consider the frequency of updates on the budget process to the Committee in light of the difficult financial position the Council faces.

4. Report details

- 4.1 **Budget Update for 2023/24**– A general update in included in Appendix 1 that was circulated to all Members on the 31st October. This is a very uncertain time for the Council and the importance of the announcement on the 17th November cannot be overstated. The timetable for the autumn is reproduced below:

- 3rd November – Trade Union Consultation
- 7th November – Full Council Briefing
- 14th November – Cabinet Briefing Paper
- 16th and 22nd November – Service Budget Meetings
- **17th November – UK Government Autumn Statement**
- 23rd and 30th November – Group Meetings with Lead Member and S151 Officer
- 23rd November – Governance and Audit Committee (on the process)
- **13th December – Welsh Government Budget expected**
- 13th December – Cabinet Budget Workshop
- 14th December – Update to Group Leaders Meeting
- **14th December – WG Draft LA Settlement**
- 17th January – Full Council Briefing
- 24th January – Cabinet Budget Report
- 31st January – Council Budget Report

However due to the scale of the uncertainty it is worth setting out two scenarios:

Possible scenario 1

- RSG confirmed as per indicative settlement
- Add likely School Transport Pressure £0.9m
- Care Fees increase £3m
- Reduce service pressure by at least £1m (refuse ‘nice to haves’)
- Pensions saving at the higher end of options – saving of £3.8m
- Gap remaining would be £4.3m
- This level of gap could be filled, for example, through further increase of 1% in Council tax (to 4.8% - £600k) and use of cash reserves

Possible scenario 2

- RSG cash flat – increase gap by £5.7m
- Add likely School Transport Pressure £0.9m
- Care Fees increase £3m
- Assumes can’t reduce current service pressures
- Pensions saving at the lower end of options – saving of £2m
- Gap remaining would be £12.8m – We don’t have the cash to bridge this gap so would need to take urgent action

Obviously these scenarios are just examples but they do exemplify the range of risks even at this late stage of the budget setting process

Reserves: A further complicating factor is the level overspend in year (2022/23). Any net overspend will need to be funded from cash reserves. The following two reserves are available for the purposes of supporting the budget:

- Budget Mitigation Reserve – currently stands at £4.85m – there is a possible draw down of c£600k in year for SPF funded projects
- Unearmarked reserves – we have a policy to keep £5m unearmarked reserve. However currently we have £7.1m in this reserve allowing us to utilise £2.1m without needing to pay it back

Although this sounds healthy the expected overspend to be reported at November's Cabinet will be c£4m, which would only leave c£2.2m to help with the funding of the 23/24 budget gap. As S151 Officer I could consider the use of these reserves if I was confident that there was the political will and organisational buy-in to take the very difficult decisions that will be required to balance the budget in 2024/25.

4.3 Budget Update for 2024/25

Current Gap is £14m – but this will be impacted by all those variable yet to be finalised for 22/23 and the gap could quite easily rise to well over £20m and we probably need to plan for that kind of figure. £20m is 8.5% of total Council Budget of £234m in 22/23, however we need to take account of fixed costs and what would be politically acceptable. Some scenarios of how the impact might fall in services is set out below (NB these are for illustrative purposes only and should not be taken as proposals):

- Excluding fixed budgets but including schools – 10% reduction in budgets
- If schools are removed – 18% reductions
- If schools and social care protected – 42% reductions for other budgets
- If schools and social care budgets reduced by 5% - rest of the council would see 26% reductions

Original 5 year Budget Plan hoped to make savings through identification of large projects including:

- Scope for commercialisation – charging / alternative delivery models – ensuring full cost recovery
- Scope for doing things differently – Business Process Re-engineering / areas that require financial benchmarking
- Services own plans and ideas for savings

This is still important but will not be sufficient to cover the scale of the budget gap. Strategy for using cash in 2023/24 will allow the Council properly for the scale of the decisions required to balance the 23/24 budget. Work will need to start as soon as the 23/24 budget has been finalised and all options / ideas need to be 'on the table'. This will require extensive consultation will hopefully involve an element of all Wales approach to communications.

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

- 5.1. Setting a balanced budget each year is a core duty of the Council and is crucial to ensure the good governance of the Council as set out in the new Corporate Plan.

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

- 6.1. Section 4 and Appendix 1 clearly outline the financial implications of the budget position for 23/24 and 24/25.

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

- 7.1. We have not currently undertaken a wellbeing impact assessment, this would be progressed when final decisions are required.

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

- 8.1. The Budget Update included in Section 4 and Appendix 1 details consultation that has already taken place and the dates for further consultation over the coming weeks and months.

9. Chief Finance Officer Statement

- 9.1 It is hoped the strategy for using cash in 2023/24 will allow the Council to plan appropriately for the scale of the decisions required to balance the 23/24 budget. However this remains a very concerning time for the Council. We have faced low settlements before but never with this scale of increasing costs.

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

10.1. The risks associated with the budget position are clearly stated in Section 4. The non-financial risks are difficult to quantify until proposals are finalised but a reduction in real terms funding of this scale is likely to impact service delivery.

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.

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Member Briefing on Progress setting the Budget for 2023/24

Key Aspects of Budget Process

- Process to consider and review non-strategic Budget Pressures
- Process to consider and review Strategic Budget Pressures
- 1% Efficiency Target for services
- Huge uncertainty this year – Autumn Budget Statement now planned for 17th November
- Invest-to-save scheme to help pump prime specific projects through the use of cash – limited take up

Progress so Far

- This has been a particularly difficult year and we are still in a position when many things remain outstanding. The gap could grow considerably if the indicative settlement is revisited. As it stands it is likely that significant reserves will be required in order to balance the budget. This is not ideal but will allow the Council the time to develop plans for significant reductions to budgets for 24/25. This work will commence in January 2023 and be as inclusive as possible.
- Initial consultation taken place with:
 - SLT – monthly updates
 - Cabinet – monthly updates – and specific briefings
 - Trade Unions – planned for November
 - School Budget Forum – in July and October
 - Full Council Briefing held in July on the full Budget Process – next one in November, then January
 - Governance and Audit Committee – November
- The following changes and risks should be noted:
 - Additional strategic pressure amounting to c£5m have been identified since the summer relating to the impact of the projected pay increases and pressures in adults and children's social care.
 - Additional pressures are likely to be identified during the autumn amounting to £ms – Social Care fees are currently

being reviewed and in year overspends in School Transport are particular concerns.

- Savings have now been included in the MTFP – however we are still waiting on final figures from the Pension Fund Valuation (takes place every 3 years) – indications are that savings will be forthcoming from this.
 - WG Settlement figures are still based on the indicative settlement announced last year – this is currently at risk (see below for details).
 - Any cash used to help the budget in 23/24 would just delay savings so would increase the pressure in 24/25 – this is shown in the MTFP table in this briefing.
- Services has submitted non-strategic pressures amounting to £2.5m. It should be noted that these are still being scrutinised by the Budget Board and at the Service Finance Meetings so figures are likely to change throughout the autumn leading up to the Draft Settlement on the 14th December.
 - Services have submitted 1% efficiency proposals which can currently be summarised as:

Saving Type	Savings £000
Fees and Charges	455
Service Change	372
Service Restructures	75
Technical Budget Reductions (eg decrease in costs)	383
TOTAL	1,285

Although these savings are currently under review and are likely to change, it is welcome that services have engaged positively with the process.

- The current proposals for schools remains that we will fund inflationary pressures such as pay and energy and will also fund the impact of demographic change in order to ensure that per pupil funding is maintained. They have been included in the 1% saving request.

- Service Budget Meetings have been set up during November (last one to be held on 22nd November). The meetings are held with the Budget Board, the Heads of Service and relevant Lead Members. The agenda for these meetings include:
 - Review of service pressures submitted - review progress and resolve outstanding queries
 - Review and agree approach to 1% savings submission
 - Medium term project idea to generate savings
 - Review of service reserves

Figures are likely to change as the remaining meetings take place.

- The current Medium Term Financial Plan is shown below alongside the MTFP as presented to Council in July. It shows a significant gap at the moment of £5m. This is likely to change significantly (see risks identified in this paper) as we go through the next 6 weeks or so:

Summary as at October 2022	MTFP as published 2023/24 £m	Additional Items 2023/24 £m	as at Oct 22 2023/24 £m	Projection 2024/25 £m
Pay Pressures (non schools)	1,519	1,981	3,500	4,000
Price Pressures	700	200	900	1,000
Inflation Contingency	2,000	-2,000	0	
Social Care	2,000	2,000	4,000	2,000
Childrens' Services	500	1,500	2,000	2,000
Schools Inflation	1,879	2,057	3,936	4,000
Schools Demography	700	0	700	700
Non-Strategic Pressures	1,500	1,008	2,508	1,500
Investment in Priorities	865	-365	500	500
Carry Forward of in year shortfall				5,156
TOTAL PRESSURES	11,663	6,381	18,044	20,856
CT Inc Proposed of 3.8%	-2,826	0	-2,826	-2,822
WG Settlement inc of 3.3%	-5,730	0	-5,730	-3,946
Review of Contingencies		-1,700	-1,700	
Civica Project		-300	-300	
1% Saving Target (non schools)		-1,285	-1,285	
1% Savings Target (schools)		-816	-816	
NI Reduction		-231	-231	
TOTAL INCOME	-8,556	-4,332	-12,888	-6,768
Current Position	3,107	2,049	5,156	14,088

Next Steps...

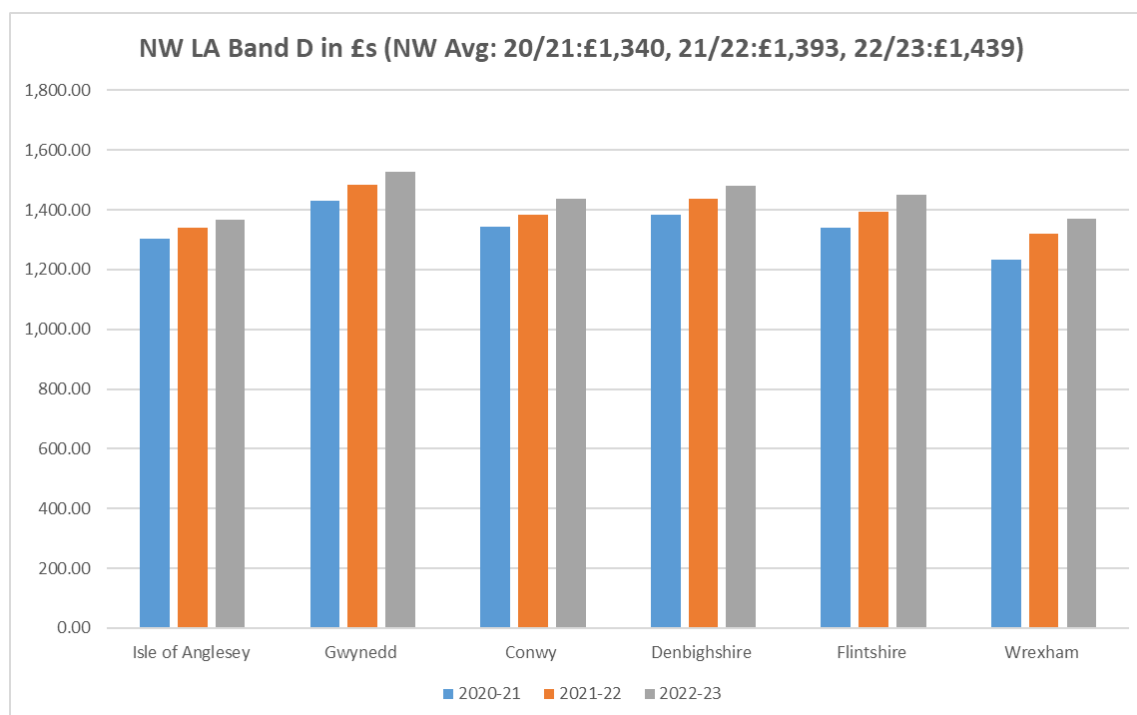
It should be noted that the MTFP is currently assuming an increase of 3.3% (2.2% in 24/25) in Revenue Support Grant (the Welsh Government settlement). RSG makes up around 75% of our funding and we are very reliant on the decisions made by WG. Although this is based on the indicative settlement announced last year – **it should be recognised that this is no longer guaranteed** and is largely dependent on UK government decisions. We should have a clearer picture in the days after the UK Autumn Budget Statement. Obviously if this figure changes then the budget position would worsen severely and involve further identification of budget reductions. The table below is a sensitivity analysis on the settlement (eg a cash flat settlement would increase the budget gap by £5.7m):

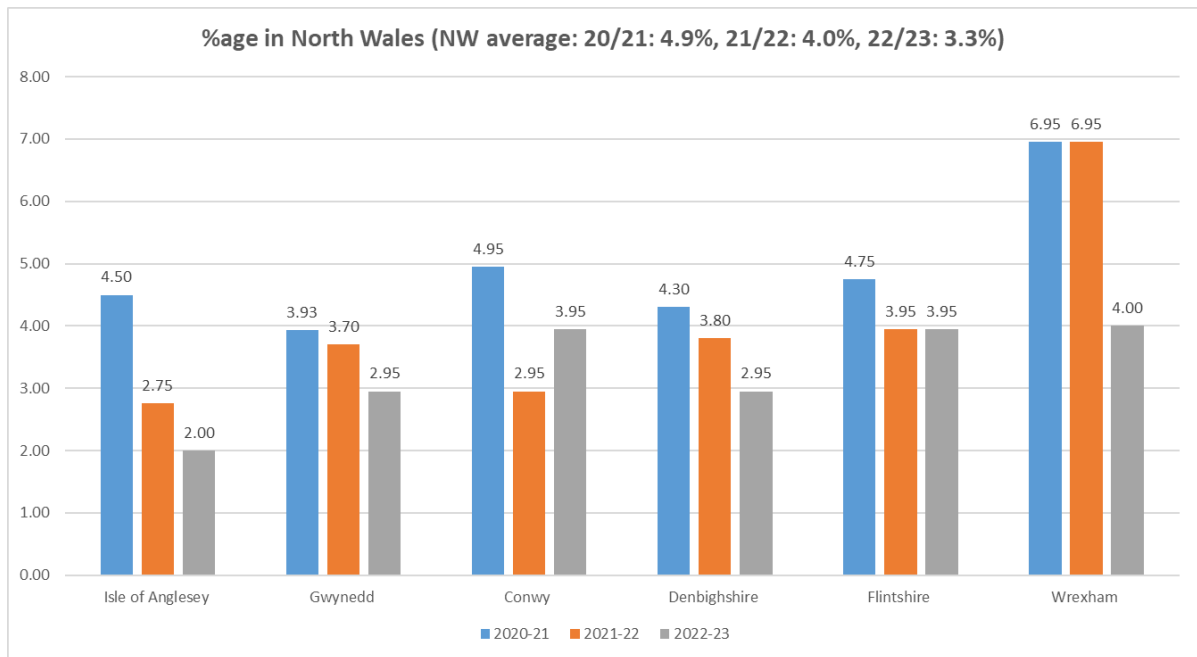
RSG 2022/23		173,637	
%age Change	Cash Impact £000	Change from MTFP Assumption	
9.20%	15,975	15,975	Last Years
5.00%	8,682	8,682	
4.50%	7,814	7,814	
4.00%	6,945	6,945	
3.60%	6,251	6,251	21/22
3.30%	5,730	5,730	Current Assumption
3.00%	5,209	5,209	
2.45%	4,254	4,254	8 Year Average
2.00%	3,473	3,473	
1.50%	2,605	2,605	
1.25%	2,170	2,170	
1.00%	1,736	1,736	
0.50%	868	868	
0.00%	0	0	
-0.50%	-868	-868	
-1.00%	-1,736	-1,736	

Council Tax is the other major lever to allow us to balance the budget and a sensitivity analysis is shown below (please note this does not include estimated increase in CT Base, which is included in the MTFP figures above):

2023/24	Increase %	Increase in Band D £	Proposed Band D £	Total Funding £000	Inc/Dec in Funding £000	
	0.00%	0.00	1,436.76	58,839	0	
	0.50%	7.18	1,443.94	59,134	294	
	1.00%	14.37	1,451.13	59,428	589	
	1.50%	21.55	1,458.31	59,723	883	
	2.00%	28.74	1,465.49	60,017	1,178	
	2.50%	35.92	1,472.68	60,312	1,472	
	2.75%	39.51	1,476.27	60,459	1,620	
2022/23 Increase	2.95%	42.38	1,479.14	60,577	1,738	-501
	3.00%	43.10	1,479.86	60,606	1,767	
	3.25%	46.69	1,483.45	60,753	1,914	
15 Year Average	3.31%	47.56	1,484.31	60,789	1,950	-289
	3.50%	50.29	1,487.04	60,901	2,061	
7 Year Average	3.77%	54.17	1,490.92	61,060	2,220	-18
Current Assumption	3.80%	54.60	1,491.35	61,077	2,238	
	4.00%	57.47	1,494.23	61,195	2,356	
2020/21 Increase	4.30%	61.78	1,498.54	61,372	2,533	294
	4.50%	64.65	1,501.41	61,490	2,650	
	5.00%	71.84	1,508.60	61,784	2,945	
	5.50%	79.02	1,515.78	62,079	3,239	
	6.00%	86.21	1,522.96	62,373	3,534	
2019/20 Increase	6.35%	91.23	1,527.99	62,579	3,740	1,502
	6.50%	93.39	1,530.15	62,668	3,828	
	7.00%	100.57	1,537.33	62,962	4,123	

To help give context to Council Tax please find below two graphs to show DCC's CT levels compared to other North Wales LA's:





The timetable / key dates for the rest of the budget process is shown below:

- 3rd November – Trade Union Consultation
- 7th November – Full Council Briefing
- 14th November – Cabinet Briefing Paper
- 16th and 22nd November – Service Budget Meetings
- **17th November – UK Government Autumn Statement**
- 23rd and 30th November – Group Meetings with Lead Member and S151 Officer
- 23rd November – Governance and Audit Committee (on the process)
- **13th December – Welsh Government Budget expected**
- 13th December – Cabinet Budget Workshop
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- **14th December – WG Draft LA Settlement**
- 17th January – Full Council Briefing
- 24th January – Cabinet Budget Report
- 31st January – Council Budget Report

Report to	Governance and Audit Committee
Date of meeting	23rd November 2022
Lead Member / Officer	Councillor Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets
Report author	Steve Gadd, Head of Finance and Property
Title	Progress Update on Statement of Accounts 2021/22

1. What is the report about?

To provide an update on the audit of the draft Statement of Accounts 2020/21.

2. What is the reason for making this report?

The Corporate Governance Committee has delegated responsibility to approve the audited accounts which it was hoped would have been presented to the meeting on 23rd November 2022. This has not proved possible and this report explains the main reason behind that.

3. What are the Recommendations?

3.1 To note the position as presented in this update report.

4. Report details

Background

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. This role has been delegated to the Corporate Governance Committee. The draft accounts have now been finalised and were signed by

the Head of Finance on the 27th June (2nd August last year). The draft accounts have been made available for audit as required and will be open to public inspection from 15th July to 11th August.

As happened for the last few years the Welsh Government 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 (see below) 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.

“Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that the Responsible Financial Officer of Denbighshire County Council sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations require that this be completed by 31 May 2022.

The 2021/22 statutory deadlines are shown in the table below along with extended deadlines provided by Welsh Government due to the continuation of the pandemic.

Item	Statutory Deadline	Extended Deadline
<i>Draft Statement of Accounts</i>	<i>31 May 2022</i>	<i>31 August 2022</i>
<i>Audited Statement of Accounts</i>	<i>31 July 2022</i>	<i>30 November 2022</i>

The Responsible Financial Officer has not signed and certified the accounts for the year ended 31 March 2022 due to the impact of Covid19 on staff resources and additional work to finalise the accounts this year, and will work within the extended deadlines.”

Current Position

At this stage we still hoped to bring the Final Accounts to this committee. However over recent months a new issue has caused delays. Audit Wales have provided the following summary of the position:

“The CIPFA LASAAC Code of Practice for Local Authority Accounting in the United Kingdom (the Code) requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost.

Local government auditors in England have raised concerns with regards to subsequent expenditure on infrastructure assets. The Code requires that where a component of an asset is replaced, the carrying amount of the old component shall be derecognised to avoid double counting and the new component shall be reflected in the carrying amount of the infrastructure asset.

Due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets, most local authorities have been unable to comply with the requirement to assess the net book value of the replaced component and will have treated the amount of the replaced component as zero. This is because the replaced component is considered to have been fully used up at the point that it is replaced. The concern raised by auditors is that there may be a lack of evidence to support this assumption. As a result, and without resolution, there is a risk that local authority financial statements could be qualified in this respect.

It is the role of the CIPFA LASAAC Local Authority Accounting Code Board to consider the extent to which International Financial Reporting Standards should apply to local authorities and to adapt and interpret accounting standards to address the public sector context. As yet, CIPFA LASAAC has been unable to find a way forward that will satisfy both audit concerns and the requirement for high quality financial reporting.

Welsh Government are currently consulting on a statutory override in respect of this issue whilst a permanent solution is developed within the Code, which will improve financial reporting in this area.

Under the International Standards on Auditing (ISA) 260, Audit Wales is required to communicate relevant matters relating to the audit of the Statement of Accounts to those charged with governance, which for the Council is the Governance and Audit Committee. Having discussed the infrastructure asset issue with Audit Wales, Audit Wales’ view is that an opinion cannot be given on the financial statements until the issue has been resolved. Therefore, formal approval of the Accounts will be deferred until a later date when the issue has been resolved.”

Obviously this is hugely disappointing, although understandable. From the service perspective the ongoing delays to signing the accounts off in a timely way should be noted. In particular the delays impact on the ability to deliver other work such as:

- Support the capital budget reporting process
- Identify Savings and inform the Medium Term Financial Plan
- Support required for Housing Revenue Account – Housing Stock Business Plan
- Any service improvements to financial processes
- Information / reporting requests from committees
- Finance System project
- The need to carry out at least some of these function then also impact on the service's ability to respond to queries from AW regarding the Statement of Accounts.

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 direct cost implications as a result of this report. However the service is staffed to the level required for a September approval of accounts, future delays may therefore incur additional costs in order to reduce the impact on the other work required as highlighted in Section 4.

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 Wales Audit Office. 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. Although it is disappointing that the timetable has slipped again this year it is pleasing to note that the draft single entity Statement of Accounts were prepared within the original timescales

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 without a further notification – this is currently being drafted to issue in a timely fashion.

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.

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Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
25 Jan 2023					
	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		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Internal Auditor
	4	Forward Work Programme			Democratic Services
		Reports			
	5	Work Force Planning			Gary Williams – Monitoring Officer
	6	Follow up report – Internal Audit-Contract Management	To receive an update following a low assurance Internal Audit review		Chief Internal Auditor
	7	Follow up report – Internal Audit-Exceptions and Exemptions	To receive an update following a low assurance Internal Audit review		Chief Internal Auditor
	8	Capital Projects -Contingency Report			Head of Finance – Steve Gadd
	9	Statutory Statement and Management Update			Head of Finance – Steve Gadd

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	10	Annual Whistleblowing Report			Gary Williams – Monitoring Officer
	11	Draft Annual Report			Gary Williams – Monitoring Officer
8 March 2023					
	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		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager
	3	Forward Work Programme			Democratic Services
		Reports			
26 April 2023					
	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		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Internal Auditor
	4	Forward Work Programme			Democratic Services
		Reports			
	5	Draft Annual Governance and Audit Committee Report	To p[resent to Full Council- the annual report from Governance and Audit		Gary Williams – Monitoring Officer
14 June 2023					
	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		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager
	3	Forward Work Programme			Democratic Services
		Reports			
	4	Annual Whistleblowing Report			Gary Williams – Monitoring Officer

Meeting		Item (description / title)	Purpose of report	Decision required (yes/no)	Author – contact officer
26 July 2023					
	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		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Internal Auditor
	4	Forward Work Programme			Democratic Services
		Reports			
	5	Treasury Management update and review			Head of Finance – Steve Gadd
20 Sept 2023					
	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		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager
	3	Forward Work Programme			Democratic Services

Meeting		Item (description / title)	Purpose of report	Decision required (yes/no)	Author – contact officer
		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
22 Nov 2023					
	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		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Internal Auditor
	4	Forward Work Programme			Democratic Services
		Reports			

FUTURE ITEMS			
	1	Audit Wales report- Update	Nicola Stubbins – Audit Wales
	2	Updates of Commissioning of older peoples care home placements.	Nicola Stubbins – To present to committee when an update is available.

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 : 15/11/2022 SJ

Report to	GOVERNANCE & AUDIT COMMITTEE
Date of meeting	23rd November 2022
Lead Member / Officer	Cyng/Cllr Gill German / Cyng/Cllr Elen Heaton / Nicola Stubbins
Report author	Nicola Stubbins, Corporate Director
Title	Information Report – Recruitment and Retention Issues in Social Services

1. What is the report about?

- 1.1. Recruitment and retention challenges in Children's and Adult Social Services
- 1.2. Impact of recruit and retention challenges in Children's and Adult Social Services
- 1.3. Actions being taken to mitigate these challenges

2. What is the reason for making this report?

- 2.1. At the last meeting of the Governance & Audit Committee, Members requested an information report outlining actions being taken to mitigate the challenges of recruitment and retention in both Children's and Adult Social Care.

3. What are the Recommendations?

- 3.1. That the Committee notes the report and considers whether any further scrutiny is required

4. Report details

- 4.1 Local Authority Children's and Adult Social Services deliver a wide and complex range of statutory services, many of which require specialist and professionally qualified staff. They also deliver a range of prevention and early intervention services, often considered non-statutory as they tend to be grant funded, however the Social Services and Wellbeing Wales Act 2014 now requires LA's to provide

these. In addition to this, the Local Authority commissions a wide range of social care services which it remains statutorily responsible for.

4.2. Due to the nature of Social Services and Social Care Services, this sector is heavily regulated.

4.3. It is recognised that there is a National, UK-wide, recruitment and retention crisis in Social Care, across most if not all roles. This crisis is mirrored in Health Services too. Social care services play a crucial role in health care pathways – keeping people well for longer outside of hospital and enabling faster, safer discharges home. Therefore, the sector plays a critical part in protecting NHS capacity and its ability to deliver high-quality, safe care. The impact of these challenges means people are missing out on vital care and support, leaving them less independent, more vulnerable and more likely to rely on healthcare services. However, this is not a one-way relationship – the lack of capacity in primary and community care is also an important factor, which is leading to more pressure in social care services.

4.4. For many years DCC's social services workforce has remained fairly stable despite nationally the social care sector experiencing major challenges related to the recruitment and retention of staff. However, in the wake of events such as COVID-19 and Brexit, DCC vacancy rates have now risen sharply. These challenges put pressures on the whole sector, its workers, and users, with Local Authorities and care providers increasingly having to rely on expensive agency staff.

4.5. DCC Social Services frequently lose staff due to the enhanced pay and conditions offered by neighbouring Local Authorities and the Local Health Board, often for similar but less demanding roles. More recently, and in part as a result of more flexible working arrangements, Recruitment Agencies have significantly increased / improved their pay and terms and conditions.

4.6. When we do recruit we are often only able to replace experienced staff with newly qualified or inexperienced workers who are unable to undertake more complex work and are prohibited in legislation from undertaking specific tasks. Many new

starters are younger, newly qualified staff, and rates of maternity leave have recently increased.

4.7. Recruitment and retention challenges experienced by DCC Children's and Adults Social Services are impacting its ability to deliver our statutory responsibilities. Despite staff working relentlessly over the last two years, levels of unmet, under-met or wrongly met needs are increasing, and the situation is getting worse. The growing numbers of people needing care and the increasing complexity of their needs are far outstripping our capacity to meet them.

4.8. Failure of DCC to deliver its statutory responsibilities could result in:

- Death, injury or neglect to a child or adult with care and support needs
- Legal challenge
- Reputational damage
- Sanction by Regulatory Body

The impact of recruitment and retention within CS has been noted by CIW in its inspection of child protection services. In the findings letter following this inspection CIW noted '*The recruitment and retention of social care staff is a national area of concern. It is a particular area of concern within intake and intervention teams in children's services in Denbighshire local authority. The current situation places significant pressure on staff who we found to be dedicated, aiming to ensure the best outcomes for children and their families. Staff are working incredibly hard to try to meet demand, and are often working long hours. The local authority must ensure a sufficient and suitably qualified workforce.*'

4.9. Recruitment and retention challenges are placing increased pressure on remaining staff in all teams, negatively impacting their well-being and increasing levels of unplanned absence. The use of agency staff also has a negative impact on the morale of permanent staff who are paid significantly less than their agency counterparts. Where is the motivation to remain and not move to an agency? There is a risk within the current workforce that issues of performance and capability are not being robustly challenged as Managers are reluctant to risk staff leaving or going off on sickness absence.

4.10. Some neighbouring Local Authorities have taken a decision to pay a market supplement. Adopting a Market Supplement approach can mitigate the Equal Pay Risk by evidencing market forces. However, the risk of a Market Supplement is that it will fuel the ongoing bidding war between regional employers, and may impact on other roles within those service areas, i.e. Senior Practitioners, Deputy Team Managers and Occupational Therapists.

4.11. General trends re difficulty in filling posts / staff leaving:

- Higher salary scales offered by neighbouring authorities / health board / recruitment agencies exacerbated by the cost of living crisis
- Increased complexity / risk of work
- Difficulty in finding / commissioning appropriate care and support including residential and domiciliary care
- Temporary funded posts / uncertainty around continued funding of posts
- Higher salary in other roles perceived as having less responsibility / pressure
- Pressure of work due to increased caseloads
- Negative publicity – ‘blame’ culture
- the pandemic creating a sense of “burn-out” and reducing potential candidates’ willingness to move into the sector
- within the residential and domiciliary care sector some staff do not want, or feel unable, to work more hours because it could impact other benefits

5.0 Current Vacancies in Children's Services – Including Early Intervention & Prevention or Childcare

Role	No. of Vacant Posts	
Social Worker	12	Advertised multiple times inc. on new Pay Scale
Senior Practitioner	1	Advertised multiple times
Senior Family Support Worker	1	Application just closed, 5 applications
Childcare: Welsh Essential Room Leader	7	Also require: Rolling Supply Childcare Assistant as currently only have 1 supply member if staff.

Welsh Essential Childcare Assistants Childcare Assistant		All of these posts have been out as part of a bigger recruitment campaign since July. We've had to extend 3 times.
Families First / Flying Start: TAF Admin post (MAT cover) advertised 4 times (no interest). Just had closing date on 5th time and have 5 apps to shortlist Families First Referral and Systems Officer - advertised 3 times no applicants at all Flying Start Portage/Early Language Development Team leader Flying Start Childcare Team Leader	4	Advertised multiple times
LIFT Occupational Therapist	1	Advertised multiple times
Total	26	Plus 4 on Maternity Leave

(As at 31/10/22)

5.1 Current Vacancies in Adult Social Services

Role	No. of Vacant Posts	
Social Worker	6	Advertised multiple times inc. on new Pay Scale
Occupational Therapist	1	Advertised multiple times inc.on new Pay Scale
Deputy Team Manager	1	Advertised multiple times
Community Resource Team Co-Ordinator	1	Advertised multiple times
Independence at Home Support Workers	4	advertised 20 times and have reviewed the number of vacancies and the hours on offer but still unfilled

Care Assistant Llys Awelon	1	advertised 8 times since Oct 21
Health & Social Care Workers North & South DCC	3	advertised 8 times since Oct 20
Accommodation Support Worker	1	advertised 8 times since Oct 20
Reablement Support Worker	1	advertised 8 times since Oct 20
Day Care Assistant Cysgod Y Gaer	1	advertised 5 times since Aug 21
Night Care Assistant Cysgod Y Gaer	1	advertised 5 times since Aug 21
Supply Care Staff - various roles	5	rolling advert but response quite poor, many staff on relief pool as second jobs
Total	26	Plus 7 on Maternity Leave (with a further 2 in Dec)

(Vacancies as at 31/10/22)

5.2 Managing Planned Leave and Maternity Leave

In addition to the current vacancies as outlined in the table above, both Children's and Adult Social Care also have to juggle the annual leave entitlement of staff and also staff on Maternity Leave. In the past these temporary 'shortages' have been subsumed and covered by the teams, however, given the level of vacancies and unfilled posts, this is increasingly problematic and is creating even more challenges in terms of workload and morale of staff. Additionally, when staff return from Maternity Leave they often do so on reduced hours as they have to take annual leave within a defined period of time. Currently Children's Social Care have 4 members of staff on maternity leave and Adult Social Care have 7 members of staff on maternity leave.

6.0 Actions taken to mitigate the recruitment and retention crisis

6.1 A Corporate Social Care Recruitment & Retention Board has been established chaired by the Corporate Director, supported by Human Resources, Communications, and Working Denbighshire. An action plan has been developed and most actions implemented including:

- Appointment of a dedicated HR Recruitment Specialist for Social Care

- Extended advertisement for social care vacancies
- Improved recruitment packs
- Detailed analysis of joiners and leavers data
- Liaising with Working Denbighshire to capture / follow up unsuccessful candidates
- Dedicated Job Fairs and DCC attendance at various community events with a focus on social care recruitment
- Specific advertising and social media campaign focussing on social care recruitment inc. livery vehicles and DCC branding
- Removal of Grade 7 for New Social Workers and Occupational Therapists
- Grade 8 to Grade 9 Progression for Social Workers and Occupational Therapists
- Re-Introduction of Practice Teacher Payments
- Review of Adult Mental Health Social Workers
- Claiming of Registration Fees – process reviewed and simplified
- Human Resources have conducted a comprehensive comparison of pay and conditions across the 6 North Wales Local Authorities and BCUHB

6.2 Given that the recruitment and retention crisis is a national issue it is understood that there is a limit to the number of actions that DCC can take on its own to address this challenge and therefore Lead Members and Senior Officers have also been instrumental in raising this issue at a regional and national level through the Welsh Local Government Association (WLGA) and the Association of Directors of Social Services (ADSS) Cymru.

6.3 The Chief Executive Team (CET) has regular oversight and monitoring of the situation and Social Care Recruitment & Retention is a standing item with dedicated monthly meetings.

6.4 The Corporate Risk Register has also been reviewed with the result being that “The risk of a serious safeguarding or practice error, where the council has responsibility, resulting in serious harm or death” description and controls have been updated. The inherent score has increased to reflect the pressures the council is facing and the impacts of changes in the external environment (these are set out in the description). The inherent score has increased from B2 – Critical Risk: Likely / High Impact to A1 – Critical Risk Almost certain / Very high impact. The residual score has increased from D2 – Major Risk: Unlikely / High Impact to A1 – Critical Risk Almost certain / Very high impact. The risk score has been increased on the basis of our assessment that the chance of this occurring is currently higher than it was previously. Although we do not regard the likelihood as “almost certain to occur in most circumstances” (which is the definition of Risk Likelihood A in our risk methodology), the risk has certainly increased. It therefore feels appropriate to increase the Risk Likelihood score, and that means increasing it from B to A. Increasing the risk score enables the risk to be further prioritised and escalated, which feels appropriate and necessary at this time. The impact has been increased because we know the risk is higher in terms of likelihood and despite our controls, we are at the limits of what can be done to reduce the likelihood of the risk. The risk is beyond our appetite.

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