

To: Members of the Governance and
Audit Committee

Date: 16 January 2025

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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, 22 JANUARY 2025** 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 - 18)

To receive the minutes of the Corporate Governance Committee meeting held on 20 November 2024 (copy enclosed).

5 INTERNAL AUDIT UPDATE (Pages 19 - 62)

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

6 TREASURY MANAGEMENT STRATEGY (Pages 63 - 108)

To receive the Treasury Management Strategy report by Head of Service Finance and Audit (copy enclosed) for the Governance and Audit committee to approve the annual Treasury Management Strategy for 2025/2026 and the quarterly update for 2024/25.

7 UPDATE ON 2025/26 REVENUE BUDGET SETTING (Pages 109 - 118)

To receive a report by the Head of Service for Finance and Audit Updating Governance and Audit Committee (copy enclosed) on the Welsh Government's (WG) Provisional Funding Settlement for Local Government 2025/26 and its implications for setting a balanced budget for 2025/26.

8 PEER PANEL ASSESSMENT (Pages 119 - 148)

To receive a report by Head of Corporate Support Service: Performance, Digital and Assets (copy enclosed) to allow the committee input into draft Management Response to the Panel Performance Assessment.

9 ESTYN - FORMAL OUTCOME LETTER TO LOCAL AUTHORITY (Pages 149 - 156)

To receive a report by the Head of Education (copy enclosed) providing information to the committee on the process followed and the outcome of the Estyn Local Authority Visit October 2024.

10 FOR INFORMATION - ANNUAL REGULATION OF INVESTIGATORY POWERS (RIPA) REPORT (Pages 157 - 196)

To receive a report for information by the Corporate Director: Governance and Business (copy enclosed) regarding the Annual Regulation of Investigatory Powers (RIPA).

11 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME (Pages 197 - 204)

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

MEMBERSHIP

Councillors

Ellie Chard
James Elson
Bobby Feeley
Carol Holliday
Arwel Roberts

Nigel Rudd
David Stewart
Paul Whitham
Mark Young

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, *(name)*

a *member/co-opted member of

*(*please delete as appropriate)*

Denbighshire County Council

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

*(*please delete as appropriate)*

Date of Disclosure:

Committee *(please specify)*:

Agenda Item No.

Subject Matter:

Nature of Interest:

*(See the note below)**

Signed

Date

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

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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 Wednesday, 20 November 2024 at 9.30 am.

PRESENT

Lay Members – David Stewart (Chair), Nigel Rudd and Paul Whitham

Councillors Ellie Chard, James Elson, Bobby Feeley, Carol Holliday, Arwel Roberts and Mark Young (Vice-Chair)

ALSO PRESENT

Corporate Director: Governance and Business/Monitoring Officer (GW); Head of Finance/ Section 151 Officer (LT); Chief Internal Auditor (BC); Head of Corporate Support Service – Performance, Digital and Assets (HV-E); Strategic Planning and Performance Officer (EH); Zoom Host (RT-J); and Committee Administrator (SLW).

Councillor Gwyneth Ellis – Lead Member for Finance, Performance and Strategic Assets
Councillor Julie Matthews – Lead Member for Corporate Strategy, Policy and Equalities

Audit Wales representative – Mike Whiteley

1 APOLOGIES

No Apologies for Absence were received.

2 DECLARATION OF INTERESTS

The Chair, Lay Member David Stewart, declared a personal interest as he was a recipient of a Clwyd Pension Fund pension.

Lay Member Paul Whitham declared a personal interest as he was a recipient of a Clwyd Pension Fund pension.

Lay Member Nigel Rudd declared a personal interest as he was a member of the Conwy County Borough Council Governance and Audit Committee.

Councillor Ellie Chard declared a personal interest as she was a recipient of a Clwyd Pension Fund pension.

Councillor Arwel Roberts declared a personal interest as he was a recipient of a Clwyd Pension Fund pension.

3 URGENT MATTERS

No items of an urgent nature had been raised with the Chair prior to the commencement of the meeting.

4 MINUTES

The minutes of the Governance and Audit Committee meeting held on 25 September 2024 were presented for consideration.

The Chair informed the Committee of changes he had suggested to the draft version of the Governance and Audit Committee minutes.

Accuracy

Page 14 – misworded paragraph which should state “The Audit Wales representative reassured members that the CIPFA practice of regular financial resilience and stress testing should be included in the National Report as recommended practice”.

Page 14 – Members asked if there was a ranking table - wanted to know how Denbighshire were performing against other Councils and not necessarily a ranking table.

Matters Arising

Page 16, Item 8 – Appointment of Members to the Governance and Audit Committee of the Corporate Joint Committee. Nigel Rudd confirmed he had been nominated to be on the CJC on behalf of both Conwy County Borough Council and Denbighshire County Council.

The Monitoring Officer confirmed he had requested confirmation of the process around resumes and cv’s and the response was if there were no more than three nominees they would be appointed. Also the question of substitutions for Lay Members had been raised and that question would be fed back to the CJC, but no response to that had yet been received.

Page 15, Item 7 – Urgent and Emergency Care. The Monitoring Officer confirmed that the next meeting of the Scrutiny Chairs and Vice-Chairs Group would be meeting on 25 November and he would check that the item was on the Agenda to be added to Partnerships Scrutiny Committee Work Programme.

Page 11, Item 5 – Internal Audit Update. The Chair requested confirmation that the special investigations were to be on counterfraud. The Chief Internal Auditor confirmed that a training session was to take place beginning of December to cover what Internal Audit did and lessons learnt and in March 2025, there would be a training session for Counterfraud.

RESOLVED that, subject to the above, the minutes of the meeting held on the 25 September 2024, be received and approved as a true and correct record of the proceedings.

At this juncture in the meeting, the Chair informed the Committee of a change in the running order of the Agenda previously published as he needed to discuss the Forward Work Programme item in detail.

5 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

The Chair, David Stewart, informed the Committee the need to recalibrate the Forward Work Programme and to synchronise with the work of other departments.

It was stressed to the Committee the importance of an approved Forward Work Programme which also stated which reports were substantive and which would be for information.

The Chief Internal Auditor agreed to have a meeting with Liz Thomas, Gary Williams and Democratic Services to scrutinise the Forward Work Programme and confirm future items.

It was also agreed that in the future, a pre-meeting to discuss the Forward Work Programme would take place prior to the Agenda pack being published to ensure all relevant reports were correctly added. A suggested time frame of 2-3 weeks prior to each Governance and Audit Committee was agreed.

The Chair reiterated the point that both he and the Vice-Chair, Councillor Mark Young, needed to be informed of any changes to the Forward Work Programme to ensure they were both updated prior to the Agenda pack being published.

The Head of Finance and Audit, Liz Thomas confirmed an update had been presented at the last meeting concerning the difficulty in completing the audit of the statement of accounts 2022/23. It had been a discrete issue to do with the way historical cost assets had been valued. The impact was in two unusable reserves and any movement would be between those two unusable reserves.

It was of a material value and, therefore, could not move forward until the issue could be brought below the materiality threshold. Although they did not have a direct impact the numbers between the two on the balance sheets needed to be more accurate. It was taking time to work through and progress was slow as the work was very involved and complicated. A sample had been selected, which Audit were working through and some queries had been sent to the Finance Department and they were working through those queries.

It was confirmed that the Finance Department were in regular dialogue with Audit Wales concerning the issue and the suggested approach to move forward was to clear the queries. Another issue had arisen around the historical costs and the impact of that was currently being looked into, but needed to move forward with the Audit of the 2023/24 accounts as assurance was required that the rest of what had been done in the 2023/24 accounts had been produced and then audited.

There was a vacancy in the Finance team due to a member of staff moving over to a Local Authority in England following a promotion. Unfortunately, had been unable to recruit to date which was also an issue.

The accounts were on the Forward Work Programme for January 2025 but there was a doubt the information would be available.

Audit Wales reiterated what had been stated by the Head of Finance and Mike Whiteley acknowledged the hard work Liz Thomas and her team had been doing. From the Audit Wales perspective, as soon as the 2023/24 accounts were complete Audit Wales had a team ready to work on them to enable all the 2023/24 audit to be complete apart from the residual asset queries.

The Chair queried the reputation of the Authority as did not want the Council to be criticised for the delay in the accounts. Also, as Liz Thomas had eluded to, was the pressure on the finance function.

It was suggested that the Accounts, rather than be on the Forward Work Programme each month and being rolled over, to be added to the “Future Items” section of the Forward Work Programme. Liz Thomas and Mike Whiteley confirmed they would discuss this and let the Committee know which suited them best.

It was queried what support the Governance and Audit Committee could offer through the HR process to deal with the capacity issue within the Finance Department. It was confirmed that as a team they had been reviewing what additional capacity could be brought in to move the issue forward as aware would need to produce the 2024/25 accounts from the new finance system.

On the Forward Work Programme January 2025 Denbighshire County Council Local Code of Governance was confirmed.

At this juncture, the Head of Corporate Support Service – Performance, Digital and Assets confirmed some Audit Wales items to be added to the Forward Work Programme as follows –

- (a) Commissioning Thematic Review
- (b) National Report Cracks and Foundations
- (c) Sustainable Development making the best of brown field land and empty buildings

These three items were likely to be “For information” items but that would be confirmed.

Future Items on the Forward Work Programme still showed changes to the Committee terms of reference. This is historic and has been completed so can be removed.

Future Training Dates – Risk Management, this had taken place and could now be removed.

RESOLVED that the Governance and Audit Committee confirm the Forward Work Programme agreed in September 2024 be utilised as the basis of the Forward Work Programme going forward and a series of Agenda management meetings be

diarised to ensure that the Chair and Vice-Chair are involved in the setting of individual Agendas.

6 TREASURY MANAGEMENT UPDATE REPORT 2024/25 QUARTER 2

The Chair informed the Committee that the item was for information only.

RESOLVED that the Governance and Audit Committee acknowledged and noted the Treasury Management Update Report 2024/25 Quarter 2.

7 UPDATE TO MEDIUM TERM FINANCIAL STRATEGY AND PLAN FOR 2025/26 - 2027/28

The Head of Finance and Audit, Liz Thomas, introduced the Update to Medium Term Financial Strategy and Plan for 2025/26 – 2027/28 (previously circulated).

It was confirmed that two Budget Workshops had taken place to discuss the contents of the report and Lay Members had been invited to attend as observers.

The Medium Term Financial Strategy and Plan had also been discussed at Full Council on 12 November 2024.

Part of the role of the Governance and Audit Committee was to seek assurance that the Council had effective and robust processes in place for setting balanced budgets.

During discussions, the following points were raised –

- (i) Without the adequate funding, schools would lack the essential resources to provide children with the adequate education, which caused concern. Also the increase in the employers National Insurance contribution now added to the financial burden.

It was confirmed that the figures within the report were pre UK Government budget so did not take into account the increase in the Employers National Insurance contribution. Confirmation was yet to be received as to whether Local Authorities would be required to pay the additional National Insurance contribution but it was anticipated that additional resources would be provided by Government in order to fund the costs. Indirect costs would be impacted due to this increase in National Insurance contributions also and would rise.

- (ii) Members were aware that Leaders and Chief Executives of the 6 North Wales Local Authorities of North Wales had written to the First Minister and the responsible Cabinet Secretaries in Cardiff regarding the budgets and it was stressed that members of the public needed to be informed more regarding the budgets Local Authorities had and how they dealt with the same. It was confirmed that no response had been received to date.

Nigel Rudd put forward the following points –

- (i) All Councils in Wales were in an extremely difficult situation and needed to avoid the Section 114 bankruptcy scenario at all costs. If Denbighshire were to enter into the Section 114 Commissioners would be appointed, decisions would be made with no consideration to democracy locally. Members and officers would not be able to control or influence any of the decisions.
- (ii) Across the UK there was a difference in the Council Tax between England and Wales. In England the Council Tax was capped at either 3% or 5% increase. In Wales, the Council Tax was not capped. If looking to increase Council Tax to balance the books, that had to be considered as an option. If, for example it required a 27% increase in order to balance the books for the Local Authority in year 1 that needed to be presented as an option. If the Local Authority approved such a large increase it would be addressing some historical issues.
- (iii) To avoid a Section 114, there had to be a focus on the statutory services to the potential detriment and reduction of discretionary services. He stated if that was not done, and if the books were not balanced, the decisions regarding what services were supplied under Section 114 would be taken by the Commissioners. There is a really difficult focus on the impact of non-statutory services in the budget process. As a Governance and Audit Committee we are looking at all the options which seriously need to be considered.
- (iv) The Authority had performed really well in its strategy during the last two years that everyone should be proud of but it could not continue to address matters on a “salami slicing basis”. He needed to see evidence as a member of Governance and Audit Committee that all options were being considered including the most radical options.

In response to Nigel Rudd’s comments, the following responses were given –

- (i) Councillor Gwyneth Ellis, Lead Member for Finance confirmed she would discuss with the Head of Finance the option of the Council Tax increase.
- (ii) Councillor Ellis also stated that to focus on statutory services would be extremely complicated as there was no definition as to what the statutory service should look like and gave the example of libraries.
- (iii) Liz Thomas responded that regarding statutory services, that would be where a Commissioner would focus. She also agreed with Councillor Ellis that the definition of statutory was not clearly defined. It would not mean that all statutory services were protected in their entirety as they needed to be well run and efficient in the way they delivered their services also.

Further discussions took place as follows –

- (i) Departments were being asked to make savings, and how was the core funding element delivered to ensure the services were delivered.

Liz Thomas clarified that tests were carried out to see the impact of any savings to the service.

- (ii) How is the funding for the additional Employer National Insurance contributions to be dealt with?

Liz Thomas stated that the Finance Department were calculating what the costs would be and they would need to feed through to the Medium Term Financial Plan but alongside the additional income received. It was confirmed that the costs would not be entered without the additional income.

The Chair confirmed that the role of the Governance and Audit Committee was to see all options would be considered and it was his view that all options should be considered at Cabinet to keep members fully informed.

At this point Nigel Rudd commended the Budget Session which had recently taken place with excellent contributions from Councillor Gwyneth Ellis, Graham Boase and Liz Thomas. He also commended the process and stated it had been one of the best budget sessions he had seen in any Local Authority.

RESOLVED that the Governance and Audit Committee provides the following feedback for Cabinet –

- (i) *The Council should do all it can to ensure that its focus remains on statutory services so that it meets its legal obligations and there is a clear understanding from both officers and members as to what the statutory services are*
- (ii) *All options in respect of Council Tax should be presented and considered however unpalatable in order that members have the full range of facts, showing the risks and benefits, when making decisions*
- (iii) *The Council should do all it can to ensure that residents have clear understandable information in respect of the choices the council has to make and the potential implications of those choices.*

**At this juncture (11.30 a.m.) there was a 10 minute break.
The meeting reconvened at 11.40 a.m.**

8 CORPORATE RISK REVIEW, SEPTEMBER 2024

The Lead Member for Corporate Strategy, Policy and Equalities, Councillor Julie Matthews, introduced the Corporate Risk Review, September 2024 report (previously circulated).

Councillor Matthews asked for her thanks to be recorded for all staff involved in collating the information within the Corporate Risk Review.

The Corporate Risk Register was developed and owned by SLT alongside Cabinet. It was reviewed twice yearly by Cabinet and at Cabinet Briefing. Following the February and September reviews, the revised register was presented at Performance Scrutiny Committee and Governance and Audit Committee. A summary of reviews was shared for information only at these Committees at their January and July meetings.

The council currently had 13 Corporate Risks on the Register. No risks had been de-escalated during this review but a new risk (risk 53 in Appendix 4 of the report) would bring the Corporate Risk Register to 14 Risks.

Lead Member, Councillor Diane King had replaced Councillor Gill German for Risks 01, 21, 34 and 50.

It was confirmed that a training session had taken place recently which had been extremely helpful to those in attendance.

During discussions, the following points were raised –

- (i) Risk appetite currently indicated for workforce issues. Nigel Rudd asked for confirmation of this current risk appetite. Helen Vaughan-Evans stated that the council recognised that its employees were critical to the achievement of its objectives and that staff support the developments are key to making the council a place of work which inspires good performance. It places importance on equality, diversity, dignity and respect and the wellbeing and safety of staff. In recent times to support wider effort to tackle challenges in recruiting staff we are making some recruitment processes more flexible in a safe way to alleviate difficulties in filling roles. Therefore, the council has a cautious risk appetite in relation to standards in terms and conditions and learning and development. Where we are wanting to alleviate difficulties in filling roles a riskier approach may be considered, but as a base there is a cautious risk appetite for workforce and people. That is defined as cautious will weigh up the potential rewards of new untested approaches but only where the risk is low and can be managed.

Nigel Rudd explained he saw an inconsistency in the approach by the council seeking a transformational council with an appetite for cautious around its workforce. He did not believe this was an appropriate measure under cautious because radical change required radical review and risk taking and that was clearly what the council was seeking to do if it was going to be transformational.

Helen Vaughan-Evans confirmed that the largest expenditure was staff and for the benefit of delivery but also if there were to

be savings, that would very likely involve something around staff. Maybe take in turn of financial risk and staff risk. That point can be taken back to the Budget and Transformational Board to review and can reflect the discussion at this Committee and you would see that at your next Review. Our staff are our greatest asset. It was also confirmed to liaise with the Lead Member, Councillor Julie Matthews.

- (ii) The Risk Register was reduced from approximately 21 down to 13 items. Did that suggest historically that the Risk Register was not managed as tightly as it should have been in the past. Helen Vaughan-Evans stated that lessons had been learnt from how the Risk Register was managed in the past. The process had been streamlined and what had been presented was a mature way of managing risks. The Monitoring Officer confirmed the process had moved to manage risks in a different way in that better at looking at what risks could be amalgamated or relegated down to service level. The important thing to remember was that if a risk was taken off the Corporate Risk Register it did not disappear, it would be placed on a Service Risk Register. The process was different and better to how it was done in the past.
- (iii) In the view of Nigel Rudd, the Corporate Risk Register should drive both the focus and work of the council as complimentary to a number of other political policy issues and was that being seen in reality. A specific case of interest was the waste review and the change in delivery of waste in terms of whether the Corporate Risk Register was employed in any way both in the approach and the implementation of that proposal. Helen Vaughan-Evans responded regarding the waste project, it was managed as a project, there was an active Risk Register developed at the start and regularly reviewed. In any review they would look at the processes and procedures that were in place, and that would be risk. That would be a good learning process to take back to the Risk Management Framework and also the Project Management Framework.
- (iv) Recruitment and Retention of staff had been raised at previous meetings and account needed to be taken of the impact on governance services, for example, internal audit, legal, data protection etc.
- (v) Risk 53, no reference in it to the waste collection roll out and fall out. Risk 53 mentions successes of projects but the waste was the opposite and needed to ask about the suitability of the project management arrangements and how much confidence do we have in the project management systems. This could be a key issue.
- (vi) Risk 52 to provide services for Denbighshire and was 12 months out of date so would that be updated ? Helen Vaughan-Evans clarified that the settlement for 2025/26 had not been received and hence the use of the figures within

the report. She confirmed she would take the point back to ascertain if there were any up to date figures.

- (vii) Page 177, paragraph 4.6 – no changes on risk scores – is there an assurance that there is a clear understanding what constitutes a risk as opposed to an issue. All the risks shown are marked as risks reviewed and shown scoring narrative as accurate but is there assurance that the use of risks are efficiently challenged?

It was confirmed there had been a deep dive into risks recently at CET. Risk 1, safeguarding had been done recently and there was an ongoing programme of each one. They go to CET at which other members of CET were able to challenge the risk owner in respect of the narrative. Robyn Lovelock and her team also attend.

- (viii) Suggestion that a possible new risk be considered. Had consideration been given to the risk of the Council's culture? It was essential that basic values such as the Nolans principles remain in place.

It was confirmed this would be taken back to the next Risk Review and input it into the Well Run High Performing Council Board which has a workstream on culture.

- (ix) Risk 21 – Integration of Health and Social Care Services. Had the review of the risk been viewed by the recent Audit Wales Report on Flows out of Hospitals which was considered at the last meeting.

Officers confirmed they would take that question back to find out the response.

- (x) Risk 21 – Fraud and Corruption. Why do the scores and trend remain the same when there are increased incidents of fraud in Wales. An Audit Wales Press Release had recently been received which showed an increase of £0.6million in fraud compared to the previous year, a total of £7.1million in total in Wales. Although Fraud did not appear as a risk in Denbighshire, there was an issue in Wales. Could consideration be given to this issue when the Risk Register was next reviewed.

- (xi) Concern around the Welsh culture and language in the future with cuts and less staff speaking Welsh within the Council. Also the financial situation affecting social services and schools, this is a risk which needs to be looked at in the future. Officers confirmed that social services and education had been picked up in the Risk Register – Risk 51 and Risk 52.

Regarding Welsh language, it would be important for Councillors to look at the budget papers in the New Year to note the accumulative impact assessment work which was carried out on the budget where Welsh language as part of the wellbeing goals was considered.

The Chair requested Managing Risks for Better Service Delivery Guidance that in the future when the report was presented, there was a page for Governance and

Audit Committee Members, could it be included as an Appendix to help to focus on the role of the Committee.

A summary of the comments were as follows and officers agreed to take these back for further consideration –

- Risk Appetite for People related risks - consider move from Cautious to Open, but with safeguards,
- Risk 21. Integration of Health & Social Care etc - did this take account of the recent AW report on flows out of hospitals (to be considered by Scrutiny Chairs and Vice-Chairs Group)
- Risk 31 Fraud - does the scoring adequately take account of:
 - the increased incidence of fraud in Wales (as reported in the Audit Wales NFI report),
 - a possible increase in local fraud at DCC and
 - the pressure on internal controls (management and supervision) due to budget pressures impacting structure?
- Is there a need for an additional risk to the Council's culture and the Nolan principles etc due to financial pressures and an increasingly hostile media / social media environment?
- Proposed Risk 53 re Transformation
 - How effective is Project Management (review following Reuse Rounds investigation)
 - Adequate consultation with stakeholders and staff on implementation of new working methods / structures?

RESOLVED that the Governance and Audit Committee –

- (i) Considered the suggested amendments to the Corporate Risk Register as at September 2024 (appendix 2),
- (ii) Considered the status and risk appetite (appendix 3) of each risk, the appropriateness of risk owners and the effectiveness of risk controls.
- (iii) Provided feedback as to the council's present Risk Appetite Statement, having taken into account CETs feedback in paragraph 4.9 below and the recommendation to move to an "open" risk appetite for financial projects.

9 FOR INFORMATION: SENIOR INFORMATION RISK OWNER (SIRO) REPORT FOR 2023/24

The Chair informed the Committee that the item was for information only.

RESOLVED that the Governance and Audit Committee acknowledged and noted the Senior Information Risk Owner (SIRO) Report for 2023/24.

10 FOR INFORMATION: COMPLIMENTS / COMPLAINTS AND PUBLIC SERVICES OMBUDSMAN ANNUAL LETTER REPORT 2023/24

The Statutory and Corporate Complaints Officer, Kevin Roberts, introduced the compliments / Complaints and Public Services Ombudsman Annual Letter report 2023/24 (previously circulated).

The annual report provided an overview of the effectiveness of the complaints process. The figures presented within the report were for the financial year 2023/24. The performance was measured against the Social Services Complaints Procedures (Wales) Regulations 2014 and the council's own Corporate Complaints procedures – adopted from Public Services Ombudsman for Wales Model Complaints Guidance 2019 and the Public Services Ombudsman (Wales) 2019.

A letter from the Ombudsman dated 9 September 2024 based on data for a case ending 9 April 2024 - could this report be added to an earlier Committee or, if giving feedback to the Ombudsman a quicker turnaround of statistics would be useful.

Appendix E – Compliance performance comparison would be useful when benchmarking the cross performance of Denbighshire County Council with other Local Authorities.

It was confirmed that the Manager and members of the team were acknowledged for their work and staff were celebrated for positive feedback.

A quarterly report was produced for Scrutiny which was an information report, but that may change as the volume of complaints had increased. The Annual Report comes to Governance and Audit Committee. The next quarter would show the impact of the increase of complaints.

Ombudsman's letter shows Denbighshire in a good light. The Ombudsman had made five recommendations to Denbighshire throughout the year. A percentage of the recommendations in had not been complied with within the timescale and members queried as to why this had happened.

Officers clarified that it had been a complaint regarding education services. The Ombudsman recommendation was that they did not uphold the complaint but recommended reviewed the education policy. The mechanics which went in to changing the education policy were very lengthy, it took a long time with consultation and Committees input. The Ombudsman was informed it would take a long time and would not meet their timescales. The due processes were followed and the policy was eventually changed as soon as it physically could. It was confirmed that this was the only recommendation which had not been dealt with in the timescale provided.

Ann Lloyd asked for it to be noted her thanks to Kevin Roberts and his assistant as he was relentless in his work and they both worked extremely hard.

It was confirmed that Complaints was a statutory area for Governance and Audit Committee with a specific remit to review and assess the Authority's ability to handle complaints effectively. At the Governance and Audit Committee in July it was stated that to meet those terms of reference assurances were needed that all complaints were put into the system and, therefore, needed to be aware of the understanding of a complaint. Need assurance they were handled correctly and any trends or services which stood out were identified and that lessons learnt and improvements made as a result. Also, some benchmarking with other Local Authorities was this information available.

In future when this report was provided, could it be in a slightly different format with additional information.

RESOLVED that, subject to the above, –

- (i) The Governance and Audit Committee considered the contents of the report*
- (ii) The Governance and Audit Committee considered the data in the letter, alongside the council's data, to understand more about Performance on complaints, including any patterns or trends and the organisation's compliance with recommendations made by the Ombudsman.*

THE MEETING CONCLUDED AT 1.00 P.M.

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Report to	Governance & Audit Committee
Date of meeting	22 January 2025
Lead Member / Officer	Cyng / Cllr Gwyneth Ellis / Bob Chowdhury – Chief Internal Auditor
Report author	Bob Chowdhury – Chief Internal Auditor
Title	Internal Audit Update

1. What is the report about?

- 1.1. This report provides an update for Governance and Audit Committee on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

2. What is the reason for making this report?

- 2.1. To provide information on the work carried out by Internal Audit since the last Committee meeting. It allows the Committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports so that the Committee can receive assurance on other council services and corporate areas. This enables the Committee to discharge its responsibilities as per Terms of Reference. Delivery of the audit plan will assist the Committee with obtaining assurance that the Annual Governance Statement appropriately reflects the conditions of the Council.

3. What are the Recommendations?

- 3.1. That the Committee considers the report content, assesses Internal Audit's progress and performance.
- 3.2. That the Committee decides whether it needs further assurance on any of the audited areas to follow up progress with implementing the improvement action plans.

4. Report details

- 4.1. Appendix 1 provides an update on Internal Audit work carried out since the last update report to the Committee in September 2024.
- 4.2. Since the last Governance and Audit Committee update in September, eight internal audit reports have been completed with two being awarded a high assurance rating, three receiving a medium assurance rating and three not being awarded an assurance rating as these are process reviews.
- 4.3. This year has been a challenging year for Internal Audit with a number of factors outside the control of the team which include: -
- Three whistleblowing complaints to date and after initial discussions with the Corporate Director – Governance and Business, Internal Audit have undertaken two investigations with the other being carried out by the service.
 - Three members of the team volunteered to support Highways and Environmental service with the roll out of the new waste service.
 - We have had an unusually high amount of sickness since 1 April to 31 December 2024 resulting in 136 days being lost, and
 - Finally, one of the Career Pathway Senior Auditors resigned on 25 November 2024, which will have an impact on the plan as we will have one less auditor.
- 4.4. Since April 2024 we have had two special investigations that have been very challenging and demanding on Internal Audit resources. Due to the complexity of one of the complaints, we have paused the investigation as there are additional factors that need to be resolved first before we can complete our investigation.
- 4.5. The second investigation has now been completed and a report has been produced. We are meeting with the Head of Service and HR on the 16 January 2025.
- 4.6. This year has been a challenging year for Internal Audit with a number of factors outside the control of the team meaning we will not be able to complete the whole plan. Therefore, we have come up with a revised plan (see appendix

1) that will ensure we provide a minimum coverage of 50% in each of the five tables and will ultimately allow the Chief Internal Auditor to provide assurance that the Annual Governance Statement appropriately reflects the conditions of the Council.

4.7. The days available to the team until the 31 March 2025 are 182 days and the revised plan will require 169 days. This means that we have a contingency of 13 days.

4.8. Despite these challenges, the team have worked extremely hard and have currently achieved 23% of the plan and if the revised plan is completed then we would achieve 60% of the Internal Audit Plan for 2024/25.

4.9. Internal Audit monitors performance to address actions arising from audit reviews. It is management's responsibility to address these actions and record progress on the performance management system (Verto). Internal Audit continues to perform 'follow-ups' and reports on progress with implementing action plans arising from low assurance audits to ensure necessary improvements are being implemented.

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

5.1. There is no decision required with this report. There is no direct contribution to Corporate Priorities, but some projects in the audit plan will review Corporate Priority areas and will provide assurance on their delivery.

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

6.1. Not applicable – there is no decision or costs attached to the report.

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

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

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

8.1. Not required

9. Chief Finance Officer Statement

9.1. There are no financial implications attached to this report.

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

10.1. Should insufficient audit work be completed during the year, there is a risk that the Chief Internal Auditor is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the Public Sector Internal Audit Standards. Audits are prioritised to provide coverage of governance, risk management and internal controls and scopes for these audits will focus on key risks.

11. Power to make the decision

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

Internal Audit Update

January 2025

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Internal Audit Reports Recently Issued

Since the last Internal Audit update report in September 2024, Internal Audit has completed:

- Eight reviews and a full copy of each report has been circulated to members of the committee.
- The team have been involved in two special investigations that have taken up a considerable amount of time. The first investigation is still on going and the second investigation is due to be completed by the middle of January 2025.
- Between the middle of June through to the middle of August, three members of the Internal Audit Team provided support to the Waste project. Initially they went across on a part time basis, but two then went full time. This has meant that during this period Internal audit have lost 48 days.
- Work has started on the NFI data matching exercise and this work is on-going.

The assurance given and number of issues raised for each review is summarised below:

Reference Number	Area of work	Assurance Level	Critical Issues	Major Issues	Moderate Issues
D242527	Housing Contact Centre	High ●	0	0	2
D232403	Coastal Rhyl Flood Defence Project	Medium ●	0	1	0
D242514	Closure of Caldefryn	Medium ●	0	1	2
D242510	Review of Building Control	N/A	0	1	4
D242507	School Transport	N/A	0	0	1
D242509	Fleet Service Review	N/A	0	0	4
D242558	Asset Management	Medium ●	0	0	3
D242531	Schools in financial difficulty	High ●	0	0	2

Housing Contract Centre – September 2024

High Assurance ● Number of Risk Issues: 2 Moderate ●

The service uses an effective housing software, which supports them to comply with statutory requirements. System constraints mean that calls are not recorded in voice format however all communications are recorded on the system to provide a clear audit for business continuity purposes.

The service has good governance arrangements in place and have thorough guidance and user guides, which act as a step-by-step guide for receiving and responding to calls. For business continuity they could benefit from undertaking regular documentation reviews to confirm the detail captured in the procedures are still relevant. (See Risk Issue 1).

There is evidence of training and support for staff, including regular one to ones which is in line with corporate policy. As part of the induction processes, training and shadowing of experienced staff is included as well as completing the corporate induction checklist. There is good business continuity in the team to handle complex queries with the call centre manager and two experienced team members. Training records should be formalised to include evidence of software training, call handling and the date training was provided to identify gaps in training or refresher training. (See Risk Issue 2)

There is a dashboard to help the service monitor their performance and they present to performance scrutiny on a thematic basis. Testing for the year showed that they received 31,850 customer contacts which is comparable looking over the last three years. The average call wait time is 2 minutes which is in line with industry standards. Testing found that the 'first contact resolution' rate of 83.64%, where calls are resolved during the first call is above global benchmark of 75%.

The service has agreed targets and timescales for responding to repair requests by priority with appropriate reporting mechanisms in place to ensure these are met.

A review of calls identified that complaints equated to 0.17% of the calls received. Testing confirmed that the service is complying with the corporate complaints policy, with 60% of

complaints being dealt with at pre-stage one and 30% dealt with before stage two. Only 10% were escalated to stage two with the relevant officers.

Our review confirmed that the service has effective risk management controls in place to manage or mitigate risks, with relevant risks and controls being captured on the service risk register.

The council have introduced new processes to become a net carbon zero council by 2030. While legal constraints require the service to send letters for specific correspondence; the service send texts where possible and are looking at ways they can communicate via text or the email portal for other instances, to save both time and money and help meet net carbon zero targets.

Coastal Rhyl Flood Defence Project – October 2024

Medium ● Number of Risk Issues: 1 Major ●

The review identified satisfactory governance arrangements are in place, which include, approved communication strategy and terms of reference for the Coastal Defence, Highways and Public Realm Project Board. Regular project board meetings are held, to review and monitor progress. Highlight reports are presented to the project board on a regular basis and provide details including estimated costs, risks and benefits.

A business case has been completed and approved by Full Council. This is reported to other committees as required. Project aims detailed in the business case are in line with the council corporate priorities.

A Communication Strategy has been completed for the project to ensure relevant stakeholders are consulted throughout. Consultation with the public has taken place with stakeholder engagement workshops with businesses, residents, Welsh Government and other relevant stakeholders engagement. However, we were unable to confirm what consultation was performed during the design phase of the project as not all information was accessible. (See Risk Issue 1)

We performed a review of the financial management of the project and while we were able to view the financial evaluation for the construction phase of the project we were unable to view the full audit trail of the financial evaluation for the design phase of the project. While we were satisfied that the project is managed effectively, we were unable to review all key documentation due to a lack of business continuity. (See Risk Issue 1)

Strategic procurement has not been involved in the procurement process for this project as the contractor was procured through the Scape framework in place, which is a national framework for construction works.

Closure of Caldefryn – November 2024

Medium ● Number of Risk Issues: 1 Major ● 2 Moderate ●

The review identified effective governance arrangements are in place including the recently approved New Ways of Works Strategy, approved business case, options appraisal, cost benefits analysis and a communications strategy which demonstrate that the decision-making process is effective.

Project milestones are set to ensure the project is delivered within the agreed timescales. There are clear roles and responsibilities of officers and members captured on the corporate performance monitoring system 'Verto.' However, from the review of the project members it was apparent that representatives from Finance have not been included as a member of the project. (See Risk Issue 1)

Regular monitoring on the project is performed, examples include officer monthly meetings and meetings with the service's Lead Member. While there are supporting minutes in place for officer's meetings there is no written documentation to capture discussions held in with the Lead Member. Our review also identified that there was an insufficient audit trail for the financial documentation in relation to the project due to officers leaving the council. (See Risk Issue 2).

The service is working towards the agreed financial savings of £150,000, which is part of the major savings for the council for 2024-25. Caldefryn has now closed and staff have

been relocated to other buildings owned by the council. While some savings have already been realised through the reduction in utility costs it is too early to provide an assessment of whether the overall savings will be achieved in the 2024-25 financial year. Once the process of the disposal of Caledfryn has been completed the full savings and potential income will be known.

Risk management arrangements are good, with a risk register maintained and updated regularly by key officers involved in the project. Risks are also captured on the corporate performance management system for reporting purposes with evidence that the risks are regularly reviewed and monitored.

As part of the project management programme, five milestones have been set which are captured on the corporate performance management system. Of the five milestones three have been completed and two are still in progress. While the two remaining milestones have not impacted on the closure of Caledfryn, revised timescales have been provided to ensure all milestones are completed. Our review of the milestones has identified that they are not being updated to the corporate performance system on a regular basis to capture the actual progress of the agreed milestones (See Risk Issue 3).

As part of the project scope consideration of the council's sustainable development principles were captured, which was evident from reviewing the wellbeing impact assessment and supporting documentation. While the closure of Caledfryn has resulted in some staff travelling further to work, the project is contribution to reducing the council's carbon emissions by reducing the level of energy used in their civic buildings.

Review of Building Control – November 2024

Assurance Rating N/A Number of Risk Issues: 1 Major ● 4 Moderate ●

Our review identified good working practices and effective processes in place for compliance with statutory obligations for the provision of Building Control. The team deal with a range of applications, including full plans, building notices, dangerous structures, reversions, regularisations, unauthorised works, disability facility grants and demolition

notices. There is good knowledge and experience in the team and written procedures are in place for all processes for business continuity.

Inspections are planned for the next working day, ensuring officers time is planned efficiently using most cost-effective routes as well as meeting the customers' needs. Due to changes in legislation, building control officers are now required to complete competency qualifications to perform their role. The Principal Control Officer (PCO) and the two Built Project Surveyors (BPS) can perform domestic inspections within the role following completion of the competency qualification. The PCO is the only officer who can perform commercial inspections for the team as they are the only one with the Band B qualification. This has identified a lack of business continuity for performing commercial inspections.

Budget monitoring is performed on a regular basis with the acting building control manager and the senior finance and assurance officer. It would be beneficial to include the PCO within the budget monitoring process as they can support the acting building control manager in achieving income targets and budget savings. Building control service is a fee generating service with agreed fees in place for appropriate processes. While building control fees are reviewed annually it is unclear how fees are reviewed and increased. The service should use the CIPFA matrix when reviewing building control fees, which was identified as a recommendation in a recent review by Audit Wales for all building control services in Wales.

The team use the web-based system Tascomi, which is used to process applications. While the system is functional there is no online portal in place to allow applicants to upload applications and plans. Another element that would be beneficial is to give building contractors the opportunity to use the system app to request site inspections. These additional tools would assist in officers time being allocated to other priority tasks.

Officers use their own vehicles for site inspections, and occasionally their personal vehicles have been damaged when carrying out site visits. Consideration should be given to using council electric fleet vehicles, which would reduce damage to personal vehicles,

reduce budget costs and contribute to the council's objective of becoming a carbon net zero council by 2030.

The service offers a competitive service for carrying out inspections to compete with external private inspectors. Examples include offering next day inspections and re-inspections of sites where required at no additional costs. Consideration of a building control charter would be beneficial to generate additional income.

The team perform internal benchmarking on a number of applications received and perform comparisons from previous years. No external benchmarking is performed with other local authorities and competitors due to geographical and other factors.

Due to the size of the team as well as carrying a vacancy for a BPS there is currently a lack of business continuity and resilience. While the team have outsourced plan checking and some inspections during busier times further investigations would be beneficial to explore collaborative or partnership working, which would strengthen business continuity and resilience.

Conclusion

The process review identified that effective controls are in place to ensure statutory duties are met. However, risks and issues were identified that the service need to review and address (please see the risks issues below).

School Transport – November 2024

Assurance Rating N/A Number of Risk Issues: 1 Moderate ●

Our review identified good working practices and effective processes in place for compliance with statutory obligations for the provision of school transport. There is good knowledge and experience within the team and written procedures are in place for key elements of the process to ensure business continuity is in place.

School transport applications are processed in line with the council's School Transport Policy, which provides comprehensive guidance and establishes eligibility criteria.

Applications received are allocated and processed by transport officers based on their area of responsibility. Transport is provided for eligible learners residing in Denbighshire and for looked-after children under the care of the council and in placements out of county.

Assessments of applications are reviewed and approved by the School Support Team, Inclusion Team, Pupil Referral Unit (PRU) or Children's Services and are sent to the School Transport team for processing. Routes are planned to ensure they are cost effective. Collaborative arrangements are made with other local authorities to minimise costs and reduce carbon emissions. Where learners require extra equipment in vehicles the team will purchase additional equipment such as safety harness, which can reduce overall costs and help to maintain contracts. Occasionally where transport is complex or it is more cost effective, parents are reimbursed using the fixed mileage rate for ALN learners requiring their transport.

Budget monitoring and forecasting is difficult due to the decision making in relation to school transport being made by other departments. For mainstream learners bus passes are provided, which incur postage costs for the team. For Arriva buses, a QR code for the pass is provided, which has reduced postage costs. For the closed school contracts the posting of bus passes to pupils home addresses is the most cost-effective method to ensure pupils receive bus passes. An app or QR code rather than paper-based bus passes may become viable in the future. Additional budget pressures include increased costs per learner for non-mainstream learners due to their more complex needs, which the council are required to provide for.

The tendering and procurement process appears to be effective with the service using the Dynamic Purchasing System (DPS). This allows the service to use pre-approved transport operators which makes the contract award process more efficient and helps to get the most competitive price for transport. The council's contracts include a reduced notice period of 14 days to terminate contracts where there are issues or concerns.

The DPS provides additional checks on the financial practices and insurance of transport operators. Insurance certificates are currently monitored by the transport assistant

although longer-term responsibility for this task needs to be established. Contract monitoring takes place mainly when issues are raised.

The team use the regionally procured system Synergy, which is used for processing mainstream applications but have limitations in relation to the team's needs. For other applications the team use spreadsheets as they offer additional functions to manage other applications effectively, which include Additional Learning Needs (ALN), pupil referral units (PRU), discretionary and Looked-After Children (LAC) applications. Technology One (T1) and Proactis are used for purchasing and tendering procedures.

Effective processes are in place for safeguarding and risk management. Disclosure and Barring Service (DBS) checks are performed and monitored by the licensing team for taxi operators and by the school transport team for bus operators. The team use a framework to assess concerns identified during the DBS process, which needs further clarification as to whether the framework needs formal approval.

Specialist training is provided for Passenger Transport Assistants who accompany ALN learners. Training is provided to neighbouring local authorities to reduce costs. Risk assessments and wheelchair passports are required for wheelchair users, which are arranged in groups to reduce costs.

Conclusion

The process review identified that effective controls are in place to ensure statutory duties are met. The unpredictable demands on the service mean that forecasting and budget management are not within the control of the team. Risks are managed well and every effort is made to reduce costs and contribute to sustainable development targets. Our process review identified one issue, which is detailed below.

Fleet Service Review – November 2024

Assurance Rating N/A Number of Risk Issues: 4 Moderate ●

Our review identified good working practices in place for compliance with legislation and we noted there were effective processes in place.

The Fleet Service Manager is the Transport Manager for the council and responsible for ensuring fleet vehicles are maintained to the minimum standard, operating centres are fully functional, drivers' hours are monitored, induction training is provided for staff and ensuring the council are complying with relevant legislation for fleet vehicles. The role continues to be effective, with effective communication channels, however business continuity arrangements need to be strengthened to ensure key tasks performed by the Transport Manager are completed.

Regular driver training is provided to staff, which is provided by a specialist officer employed by the council. Specialist training on driving forklifts and UTV was provided by an officer from the Corporate Health and Safety team. Due to sickness absence training on forklifts and UTV has not been provided in recent months and no other alternatives have been sourced to provide training. This is a risk for the council as staff are currently not accessing forklift and UTV training for their roles.

Compliance checks are performed within the service, including checking drivers are complying with drivers' hours, reviewing drivers' infringements and regular checks of fleet users' drivers' licences.

Effective processes are in place to ensure fleet vehicles are taxed, maintained and serviced regularly as required. The service adheres to the corporate purchasing procedures using the corporate system and monitor use of fuel cards including fuel consumption of fleet vehicles.

The service provides local transport for the community, examples of services provided include flexi bus service for Ruthin and Denbigh, community bus service from Melin Y Wig to Llangollen and transportation for rural schools. While this is working well the service

have a vacancy for the fleet transportation officer, with duties being performed by others in the service until a decision is made on the role.

Procurement arrangements are effectively managed with some contracts procured within the council's collaborative frameworks and individual contracts as required. Contract monitoring is currently performed to a minimum level by other officers within the service due to the Fleet Contract and Procurement Officer vacancy.

The garage function provides a range of services, which includes vehicle safety inspections and appropriate checks to comply with the vehicle agency standards operating over a two-shift pattern. The garage service is currently experiencing difficulties in recruiting mechanics due to the specialist job description and specifications being advertised and level of salary being offered.

The service has made significant progress in decarbonising the council's fleet and working towards the council achieving their target of becoming a carbon net zero council by 2030. There are currently 81 electric fleet vehicles on the fleet asset register and there are electric charging points for electric vehicles in most public car parks and civic building car parks.

Additional income is being generated through vehicle livery and vinyl, which is proving to be a good way of generating additional income.

An external consultation was commissioned to identify opportunities to strengthen fleet services, which identified that the service would develop further as well as generate additional income through an alternative delivery model.

Conclusion

The process review identified areas where good controls are in place to ensure statutory duties are met and compliance with legislation. However, risks and issues were identified that the service need to review and address (please see the risks issues below).

Asset Management – November 2024

Medium ● Number of Risk Issues: 3 Moderate ●

Our review identified there is an up-to-date Asset Management Strategy (AMS) in place for 2024-2029, which was approved by Cabinet in October 2024. The previous version of the AMS for 2021-2024 was not approved due to covid-19 and staff changes, resulting in the team working towards the 2017-2021 approved AMS.

The team is responsible for the reviewing and approval of Legionella, Fire Safety and Asbestos processes, which are reviewed every two years and approved by the corporate landlord. There has been a delay in reviewing the Fire Safety Procedure due to staff changes, which has now been reviewed and is up to date. The policies do not capture reviews and changes to demonstrate regular reviews of policies have been performed. (See Risk Issue 1).

The Asset Management Group (AMG) meetings take place on a quarterly basis to discuss all matters relating to the effective use of council owned land and buildings in an advisory capacity. With the exception of three months in 2023 meetings have been held regularly where attendance is good. The AMG's Terms of Reference need to be reviewed and updated to be in line with the recently approved Strategy (See Risk Issue 2).

The service has developed portfolio plans for eight areas to ensure there is effective asset management in place. Discussions are ongoing between the service and portfolio holder to identify key performance indicators (KPI's), roles and responsibilities. The team are in the process of strengthening asset management arrangements with portfolio holders by setting up formal working groups to ensure effective monitoring and discussions take place (See Risk Issue 3).

The service use an asset management system called Tech Forge, which is utilised effectively for the recording of all asset management information.

Conditional surveys of the council's assets are performed every five years, which the service has commissioned an external contractor to perform on their behalf. Going

forward the Asset Management team will perform the conditional surveys. While the surveys are not a mandatory requirement the conditional surveys are performed as good practice to provide assessments on council's assets conditions and identify works required. Our testing confirmed that 94% of the service's assets have been subject to a conditional survey.

The team has a programme for planned maintenance work, which includes the areas of works from the conditional surveys. Annually the building maintenance draft a programme of works based on works required and available funding. An approved framework is in place for planned and reactive building maintenance work.

The team is contributing towards the council's sustainable development principles and the council becoming a net zero council by 2030 through proactively ensuring all council buildings they have responsibility for are sustainable.

Schools in financial difficulty – November 2024

High Assurance ●

Number of Risk Issues:

2 Moderate ●

There are clear procedures and processes in place for schools in financial difficulty (SIFD), which was evident during the review as schools and relevant departments within the council are complying with the Schools in Financial Difficulty framework.

The framework is reviewed when changes are required, which are approved by the School Budget Forum. The framework did not capture reviews and agreed changes to demonstrate regular reviews have been performed. Education Services have since introduced version control to the framework for the recording of reviews and changes to ensure future reviews and changes are captured to demonstrate regular reviews are performed (Issue 1).

Regular training events are provided to support schools with the SIFD Framework process, with other training events due to take place in October and November, which will include school governors.






Effective monitoring is in place, which includes attending a range of meetings such as school governing body meetings, school finance meetings, School Budget Forums and one-to-one meetings with the Head Teachers and Finance Managers to ensure schools are reducing deficit balances. Schools are also providing regular budget reports to the School Funding team, which are also included as part of the Section 151's financial report to Cabinet and more recently to the Budget and Transformation forum. Governing bodies should utilise current forums and meetings to engage with the School Funding team, other governing bodies and other schools on identifying a deficit. This will enable the school to carry out appropriate steps in reducing deficits and gaining feedback such as lessons learnt and areas of good practice.

As part of the SIFD process the Head of Education and the Section 151 Officer are required to scrutinise and approve licensed deficits. There are good business continuity arrangements in place for the approval of licenced deficits for the Section 151 Officer. However, there was no business continuity for the Head of Education due to the service structure. Following our review, business continuity arrangements are now in place to ensure there are no delays in the approval process (issue 2).

There are currently 33 schools in a deficit balance or predicting a deficit for 2024/25 in comparison to 13 schools in 2023/24. Testing was performed, which confirmed that five out of the seven schools tested have had their licensed deficits approved. There were delays for two schools, one was due to ongoing discussions around submitting a revised recovery plan. The other school has been issued with a notice of concern, which is in line with the SIFD process and will be monitored. For one school in our sample, we were unable to view the full audit trail of the licensed deficits prior to 2017 due to data protection legislation and relevant document retention schedules. From the evidence provided we are satisfied that the SIFD process has being complied with for this school.




The service is contributing to the council's sustainable development principles and Climate and Nature Strategy by working collaboratively with schools to improve the economic, social, environmental and cultural well-being of schools.

WAO reports specific to Denbighshire County Council that have either been completed or are due to be undertaken in 2024/25

Review	Report status	Link to report
Audit of the Council's 2022-23 statement of accounts	Fieldwork on going and will be taken to Governance & Audit Committee when work has been completed and signed off by Audit Wales	
Audit of the Council's 2023-24 statement of accounts		
Grants certification 2021-22		
Local Report on Council's Corporate Support Functions	Draft went to Governance & Audit Committee on 14 June 2023.	 3461A2023_Denbig hshire_Draft_Corpor
Assurance and Risk Assessment	Project brief issued September 2024 -see attached. Fieldwork started, and meeting set for 6 February 2025.	 4462A2024_ARA 2024-25 - Project Bri
Cross-sector review focusing on the flow of patients out of hospital	Report issued February 2024	 4081A2024 NW Regional Report - M
Examination of the Setting of Well-being Objectives by Denbighshire County Council	Report issued February 2024.	 AUDIT WALES REPORT - SETTING C
Use of Performance Information – Service	Report issued December 2023	 3811A2023 Report Use of performance
Welsh Housing Quality Standard local project	Looking at completing in quarter 4.	

National WAO reports that are due to be undertaken in 2024/25, for the 22 LA in Wales

All 22 local authorities will be audited on an agreed review area and then the 22 local authority reports will be pulled into one national report that will be issued to each local authority. This generic report will be produced and shared across the 22 local authorities highlighting good / bad practice identified.

Review	Report status	Link to report
Thematic review – Digital	Report issued January 2024.	 AUDIT WALES - DIGITAL STRATEGY R
Thematic review – Financial Sustainability	Report issued August 2024.	 4441A2024_Financial Sustainability Rev
Thematic review – commissioning and contract management	Report Issued June 2024	 4169A2024_CommissioningArrangemen

Local government national studies planned / in progress

The local government national studies are undertaken by a specific team within WAO who will not look at all 22 local authorities in Wales. They will select a sample of local authorities across Wales and carry out the review. Once completed, a generic report will be produced and shared across the 22 local authorities highlighting good / bad practice identified.

Review	Link to report
Building Social Resilience and Self reliance	https://www.audit.wales/sites/default/files/publications/Together_we_can_Community_resilience_and_self_reliance_English_2.pdf
Building safety	Published August 2023
Planning for sustainable development – Brownfield regeneration	 Sustainable_development_making_best
Governance of special purpose authorities – National Parks	https://audit.wales/publication/governance-national-park-authorities

Corporate Joint Committees (CJCs)	https://audit.wales/publication/corporate-joint-committees-commentary-their-progress
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Estyn visits / reports update within the last 12 months

School Name	Report status	Link to report
Christ the Word	Special Measures	https://www.estyn.gov.wales/provider/6635902
Denbigh High School	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-07/Monitoring%20report%20Denbigh%20High%20School%202023.pdf
Ysgol Frongoch	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-07/Outcome%20of%20Estyn%20review%20Ysgol%20Frongoch%202023.pdf
Ysgol Emmanuel	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-07/Inspection%20report%20Ysgol%20Emmanuel%202023_0.pdf
Ysgol Christchurch	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-10/Inspection%20report%20Ysgol%20Christchurch%202023.pdf
Ysgol Bro Dyfrdwy	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-12/Inspection%20report%20Ysgol%20Bro%20Dyfrdwy%202023_0.pdf
Ysgol Brynhyfryd	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-12/Inspection%20report%20Ysgol%20Brynhyfryd%202023_2.pdf
Ysgol Hiraddug	No Follow Up	https://www.estyn.gov.wales/system/files?file=2024-01/Inspection%20report%20Ysgol%20Hiraddug%202023_0.pdf
Ysgol Bryn Collen	No follow up	https://www.estyn.gov.wales/system/files?file=2024-04/Inspection%20report%20Ysgol%20Bryn%20Collen%20Llangollen%202024.pdf
Ysgol Llanfair Dyffryn Clwyd	No follow up	https://www.estyn.gov.wales/system/files?file=2024-04/Inspection%20report%20Ysgol%20Llanfair%20Dyffryn%20Clwyd%202024_0.pdf
Ysgol Clawdd Offa	Significant Improvement	https://www.estyn.gov.wales/system/files?file=2024-03/Inspection%20report%20Ysgol%20Clawdd%20Offa%202024.pdf

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School Name	Report status	Link to report
St Brigid's School	No follow up	https://www.estyn.gov.wales/system/files?file=2024-03/Inspection%20report%20St%20Brigid%27s%20School%202024.pdf
Ysgol Plas Brondyffryn	No follow up	https://estyn.gov.wales/system/files/2024-04/Inspection%20report%20Ysgol%20Bryn%20Collen%20Llangollen%202024.pdf
Ysgol Gymraeg Henllan	No follow up	https://estyn.gov.wales/system/files/2024-06/Inspection%20report%20Ysgol%20Gymraeg%20Henllan%202024_0.pdf
Adult Learning in the Community (ALC)	No follow up	https://estyn.gov.wales/education-providers/conwy-denbighshire-adult-learning-in-the-community-partnership/#inspection-reports
Ysgol Caer Drewyn	Interim visits	https://estyn.gov.wales/app/uploads/2024/10/Interim-visit-letter-Ysgol-Caer-Drewyn-2024-1.pdf
Ysgol Gynradd Carrog	Interim visits	https://estyn.gov.wales/app/uploads/2024/10/Interim-visit-letter-Ysgol-Gynradd-Carrog-2024-1.pdf
Ysgol Pant Pastynog	Interim visits	https://estyn.gov.wales/app/uploads/2024/12/Interim-visit-letter-Ysgol-Pant-Pastynog-2024-2.pdf
Denbigh High School	Monitoring Report	https://estyn.gov.wales/system/files/2023-07/Monitoring%20report%20Denbigh%20High%20School%202023.pdf
Ysgol Brynhyfryd	No Follow Up	https://estyn.gov.wales/app/uploads/2023/12/Parents-and-carers-Inspection-Report-Ysgol-Brynhyfryd-2023_0.pdf
Ysgol Pendref	School is judged to have made sufficient Progress	https://estyn.gov.wales/app/uploads/2024/12/Outcome-of-Estyn-review-Ysgol-Pendref-2024-1.pdf
Ysgol Twm o'r Nant	Interim visits	https://estyn.gov.wales/app/uploads/2024/12/Interim-visit-letter-Ysgol-Twm-or-Nant-2024.pdf
DCC LA	Enhanced LALI visit	 Enhanced LALI visit Denbighshire Count

CIW / Other reports update for 2024/25

Area Reviewed	Link to Report
Dolwen Care Home	 CIW - INSP00064565MBHM
Joint Inspection of Child Protection Arrangements: Denbighshire County Council, Betsi Cadwaladr University Health Board, North Wales Police	  230517-Denbighshi re-JICPA-en-easyrea 230517-Denbighshi re-JICPA-en.pdf
An Estyn Report on Little Acorns at Christ the Word	Inspection report Little Acorns at Christ the Word 2024 (gov.wales)

Progress in Delivering the Internal Audit Assurance

The HoS for Finance and Audit has been in post for just over 14 months and regular meetings are in place with the Chief Internal Auditor to discuss current issues and monitor progress against the internal audit plan.

Since the last update in September, a member of the team has been successful in securing a new role within Finance and Audit and since the 25 November 2024 Internal Audit have been operating with a vacancy at Senior Auditor – Career Pathway level.

Training is being provided to support and progress the remaining two Senior Auditors - Career Pathway and the Principal Internal Auditor to ensure that we have a good mix of qualified and part qualified staff. The Principal Internal Auditor has successfully completed the ILM level 4 qualification and is resuming her Institute of Internal Auditors qualification. One of the Senior Auditor – Career Pathway has just enrolled onto the Institute of Internal Auditors and is about to start the Practitioner level qualification and the second one has successfully passed her level two Association Accounting Technicians and is currently studying for the level three qualification.

This year has been a challenging year for Internal Audit with a number of factors outside the control of the team which include: -

- Three whistleblowing complaints to date and after initial discussions with the Corporate Director – Governance and Business, Internal Audit have undertaken two investigations with the other being carried out by the service.
- Three members of the team volunteered to support Highways and Environmental service with the roll out of the new waste service.
- We have had an unusually high amount of sickness since 1 April to 31 December 2024 resulting in 136 days being lost, and
- Finally, one of the Career Pathway Senior Auditors resigned on 25 November 2024, which will have an impact on the plan as we will have one less auditor.

Work is progressing in completing the NFI exercise for 2022-23. A total of 1657 matches were identified at the beginning of the exercise, with 1657 matches processed to date equating to 100% investigated. To date a total of £48,620.99 in overpayments has been identified and in the process of being recovered by the council with all overpayments identified through the council tax matches.

Internal audit monitors performance to address actions arising from audit reviews. It is management's responsibility to address these actions and record progress on the performance management system (Verto). Internal Audit continues to perform a 'follow-up' and reports on progress with implementing action plans arising from low assurance audits to ensure that necessary improvements are being made.

Audits due to commence shortly include:

- Financial service audits;
- Tracking budget savings;
- Overtime and agency payments;
- PLASC post-16;
- Use of corporate purchasing cards; and
Technology one.

Internal Audit FWP

The five tables below provide a list of all projects required to be completed within the financial year 2024/25. The status level provides you with progress made on the outstanding projects:

Table 1 – Major savings proposals / non-strategic savings

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Fostering - changes coming into force at the end of 2024	Not yet started	-	-	-	-	
Libraries (Q1) savings of 21% costs looking back at 2023/24 savings	Scoped	-	-	-	-	
Impact of budget cuts for schools (3% based on school budget)	Scoped	-	-	-	-	
Closure of Caledfryn	Final	Medium ●	0	1	2	
Maintenance of DCC properties in portfolio including school and non-school properties	Not yet started	-	-	-	-	
Tracking of budget savings	Not yet started	-	-	-	-	
Car parking fees	Fieldwork	-	-	-	-	
Public conveniences	On hold	-	-	-	-	
Homelessness prevention service	Not yet started	-	-	-	-	
Review of adult social care and double-handed care packages	Not yet started	-	-	-	-	
Overtime and Agency Payments	Fieldwork	-	-	-	-	

Table 2 – Process Reviews and Advisory work

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Liberty protection safeguards	Not yet started	-	-	-	-	
Grant funding – Children and Communities Grant (CCG)	Not yet started	-	-	-	-	
RIF funding due to end 2027	Not yet started	-	-	-	-	
Edge of Care Team	Not yet started	-	-	-	-	
Review of Building Control	Final	N/A	0	1	5	
School transport	Final	N/A	0	0	0	
Local bus service funding commission	Scoped	-	-	-	-	
To consider options available to fleet services to maximise commercial fleet usage	Final	N/A	0	0	0	
To review the processes in place for making decisions around commission within specific services	Not yet started	-	-	-	-	

Table 3 – Service reviews

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
New CRM system for customer services.	On hold	-	-	-	-	
Liberty Gas	Final	High ●	0	0	1	
Housing Contact Centre	Final	High ●	0	0	2	
Review of Planning Applications	Scoped	-	-	-	-	
AONB 2023-24	Final	High ●	0	0	0	
AONB	Not yet started	-	-	-	-	
Schools in financial difficulty (SIFD)	Final	High ●	0	0	2	
EAL - use of agency staff for English as an additional language	Not yet started	-	-	-	-	
PLASC post-16	Scoped	-	-	-	-	
Procurement - to cover legislative changes, processes, and strategy	On hold	-	-	-	-	
Blue badges process	Not yet started	-	-	-	-	
Staff Pay Scale Review	Not yet started	-	-	-	-	
Contracts where 90% of work completed and waiting for retention work to be completed	Not yet started	-	-	-	-	
Levelling Up Funding (LUF 1)	Not yet started	-	-	-	-	

Internal Audit Update – January 2025

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Disposal of property under Community asset policy as policy does not include timeframes for disposing of assets.	Not yet started	-	-	-	-	
Cash Collection	Not yet started	-	-	-	-	
Direct Payments/Court of Protection	Not yet started	-	-	-	-	
Community Equipment Service	Not yet started	-	-	-	-	
Use of corporate purchasing cards	Not yet started	-	-	-	-	
Budget setting process	Not yet started	-	-	-	-	
Technology One	Scoped	-	-	-	-	
HSG 2023-24	Final	High ●	0	0	0	
Asset Management	<i>Final</i>	Medium ●	0	0	3	

Table 4 – Assurance for the Annual Governance Statement

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Risk Management	Not yet started	-	-	-	-	
Programme and Project Management	Not yet started	-	-	-	-	
Partnerships	Draft	-	-	-	-	
DLL - review of Teckle agreement	Not yet started	-	-	-	-	
General Ledger	Scoped	-	-	-	-	
Payroll	Scoped	-	-	-	-	
Accounts payable (AP)	Scoped	-	-	-	-	
Treasury Management	Draft	-	-	-	-	
Bank Reconciliation	Fieldwork	-	-	-	-	
Council Tax	Fieldwork	-	-	-	-	
Sundry Debtors	Scoped	-	-	-	-	
Housing Benefits	Fieldwork	-	-	-	-	
NNDR	Scoped	-	-	-	-	
NFI 2022-24	Fieldwork	-	-	-	-	
Whistleblowing	Fieldwork	-	-	-	-	
Follow up reviews	Fieldwork	-	-	-	-	

Table 5 – Other projects

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Tackling poverty	Not yet started	-	-	-	-	
Housing First follow-up	Not yet started	-	-	-	-	
Cefndy follow up	Not yet started	-	-	-	-	
Cynnig follow up	Not yet started	-	-	-	-	
Christ the Word Follow up	Fieldwork	-	-	-	-	
Rhuddlan Town Council	Completed	High ●	0	0	0	
School funds	Not yet started	-	-	-	-	

Items in lists above in bold and italic have been identified since the start of the financial year and added to the plan

Progress with Counter Fraud Work

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

1. Providing advice on counter fraud to officers on request.
2. National Fraud Initiative (NFI) update – Work has started on the 2024-25 exercises and as we complete the financial reviews additional work will be undertaken on the matches.
3. Education Support continue to prompt schools to maintain up-to-date school fund certificates. We are currently looking at on-line banking arrangements for school fund as schools are looking to move away from cheques.
4. The Strategy for the Prevention and Detection of Fraud, Corruption and Bribery and Fraud Response Plan are available on the Council's website
5. We have purchased a Fraud Corruption and Bribery E-learning module that we are currently working with the provider to tailor to Denbighshire County Council's requirements.

6. Alerts from the National Anti-Fraud Network (NAFN) reviewed with the relevant service and response taken accordingly.
7. Responding to a whistleblowing response and counter response of concerns of potential fraud. These are on-going investigations, and the findings will be shared with relevant officer.

Referrals 2024/25

While it is not Internal Audit's role to identify or investigate fraud, as this responsibility rests with management, Internal Audit keeps abreast of potential fraud from a view of ensuring that any governance, risk management or control weaknesses are addressed in line with Financial Regulations and the Strategy for the Prevention and Detection of Fraud, Bribery & Corruption.

During the 2024/25 financial year, we have been asked by three separate services to investigate potential frauds. The first request was around a whistleblowing complaint, and it was agreed that the service manager would carry out the investigation and report back on completion of the investigation.

The second referral was a whistleblowing complaint around governance arrangements, and due to the complexity of the complaint, we have paused the investigation as there are additional factors that need to be resolved first before we can complete our investigation.

The third complaint was as request from the Head of HR around potential fraud and misappropriation of funds and following discussions with the service manager it was agreed that Internal Audit would carry out the work. The investigation has now been completed and a report has been produced and we are meeting with the Head of Service and HR on the 16 January 2025.

Whistleblowing concerns are reported separately to Committee as part of the Annual Whistleblowing Report but are detailed above should there be an element relating to potential fraud.

Internal Audit Performance Standards

The table below shows Internal Audit's performance to date for 2024/25.

Performance Measure	Target	Current Performance
Send a scoping document before the start of every audit	100%	100%
Issue draft report within 10 days of the closing meeting	Average days less than 10	13 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	7 days
Percentage of audit agreed actions that have been implemented by services recorded on the performance management system (Verto)	75%	71%
Percentage of audit agreed actions that have been implemented by schools	75%	Information not available due to resources

Internal Audit performance has dropped below the agreed levels due to the following challenges that the team has faced: -

- Three members of the team volunteering to support the new waste roll out;
- Higher than normal amount of sickness;
- A vacancy; and
- Two investigations.

The issuing of a “draft report within 10 days of the closing meeting” and “final report within 5 days after agreeing the draft report and action plan” has gone above the agreed days due to the team supporting the waste project and secondly one review where the manager retired at the point the draft report was issued and this resulted in a long delay.

Internal Audit are prioritising the completion of assurance work and continue to follow up previous reviews awarded a low assurance to ensure that necessary improvements are being made. While many actions are taking longer to resolve than originally envisaged by services, we are satisfied that progress is still being made to implement the requisite change.

Revised Internal Audit Plan

Due to the challenges that Internal Audit have faced over the last nine months; the Internal Audit Plan has been revised. I have attached the revised plan and a full explanation in Appendix 2.

Appendix 1 – Assurance Level Definition

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

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

Appendix 2 – Revised Internal Audit Plan

Breakdown of the Revised Internal Audit Plan

Available days left in Quarter 4 for the Internal Audit Team: -

Auditor	Jan	Feb	March	Total days	Holidays	Total Available Days
Bob	15	15	15	45	6	39
Sam	18	20	21	59	5	54
Sonia	18	20	21	59	5	54
Sara	0	20	21	41	5	35
Nia	0	0	0	0	0	0
Total days available for the whole team						182

This year has been a challenging year for Internal Audit with a number of factors outside the control of the team meaning we will not be able to complete the whole plan. Therefore, we have come up with a revised plan that will ensure that we provide a minimum coverage of 45% in each of the five tables and will ultimately allow the Chief Internal Auditor to provide assurance that the Annual Governance Statement appropriately reflects the conditions of the Council.

The days available to the team until the 31 March 2025 are 182 days and the revised plan will require 155 days. This means that we have a contingency of 27 days.

Despite these challenges, the team have worked extremely hard and have currently achieved 23% of the plan and if the revised plan is completed then overall, we would achieve 62% of the Internal Audit Plan for 2024/25.

Reviews to be completed in tables 1 to 5 in remaining period: -

Table 1 – Major savings proposals/non-strategic savings

Review title	Auditor	Comment	Days required	Potential start date
Fostering - changes coming into force at the end of 2024	On hold at request of Service			
Libraries (Q4) savings of 21% costs looking back at 2023/24 savings	Scoped and ready to start			Q1 2025-25
Impact of budget cuts for schools (3% based on school budget)	Scoped and ready to start			Q1 2025-26
Closure of Caledfryn	Completed			
Maintenance of DCC properties in portfolio including school and non-school properties	On hold			
Tracking of budget savings	Bob	Scoped and ready to start	20	February 2025
Car parking fees	Sonia	Fieldwork stage	2	
Public conveniences	On hold at request of Service			
Homelessness prevention service	Sonia	Needs to be scoped	8	March 2025
Review of adult social care and double-handed care packages	On hold as the service has requested this will need to be reviewed either Q4 2025/26 or Q 1 2026/27			
<i>Overtime and Agency Payments</i>	Sam	Fieldwork stage	3	February 2025
			33	

Currently completed one review, but by the 31 March will have completed an additional four review equating to five out of 11 reviews (45%)

Table 2 – Process Reviews and Advisory work

Review title	Auditor	Comment	Days required	Potential start date
Liberty protection safeguards		On hold		
Grant funding – Children and Communities Grant (CCG)	Sam/Sonia	Need to Scope	4	March 2025
RIF funding due to end 2027	Sam/Sonia	Need to Scope	4	March 2025
Edge of Care Team		On hold		
Review of Building Control		Completed		
School transport		Completed		
Local bus service funding commission		On hold		
To consider options available to fleet services to maximise commercial fleet usage		Completed		
To review the processes in place for making decisions around commission within specific services		On hold		
			8	

Currently completed three reviews, but by the 31 March will have completed an additional two review equating to five out of nine reviews (56%)

Table 3 – Service reviews

Review title	Auditor	Comment	Days required	Potential start date
New CRM system for customer services.	On hold at request of the service			
Liberty Gas	Completed			
Housing Contact Centre	Completed			
Review of Planning Applications	Sam	Scoped	4	March 2025
AONB 2023-24	Completed			
AONB	Completed			
Schools in financial difficulty (SIFD)	Completed			
EAL - use of agency staff for English as an additional language	On hold			
PLASC post-16	Sara	Scoped	3	February 2025
Procurement - to cover legislative changes, processes, and strategy	On hold – as new legislation has only just been implemented.			
Blue badges process	On hold at request of the service			
Staff Pay Scale Review	On Hold at request of the service			
Contracts where 90% of work completed and waiting for retention work to be completed	On hold			
Levelling Up Funding (LUF 1)	TBC	Projects are now coming to completion and so will start auditing process in March	10	March 2025
Disposal of property under Community asset policy as policy does not include timeframes for disposing of assets.	On hold			
Cash Collection	On hold			
Direct Payments/Court of Protection	On hold – due to Management changes, the new manager has			

Internal Audit Update – January 2025

	requested a process review in Q1 2025/26			
Community Equipment Service	On hold			
Use of corporate purchasing cards	Sonia & Sara	Needs to be scoped	20	February/March 2025
Budget setting process	Bob	Needs to be scoped.		Q1 2025-26
Technology One	Sam	Scoped	10	BC to contact RWE re timescales
HSG 2023-24	Completed			
Asset Management	Completed			
			47	

Currently completed seven reviews, but by the 31 March will have completed an additional six review equating to 13 out of 23 reviews (57%)

Table 4 – Assurance for the Annual Governance Statement

Review title	Auditor	Comment	Days required	Potential start date
Risk Management	Sara	Needs to be scoped	6	March 2025
Programme and Project Management	Completed			
Partnerships	Bob	Part completed	5	March 2025
Housing Support Grant 2023 - 24	Completed			
DLL - review of Teckle agreement	On hold – due to several issues that are currently going on within DLL.			
General Ledger	Sam	Scoped	9	February 2025
Payroll	Sonia	Scoped	8	January/February 2025
Accounts payable (AP)	Sara	Scoped	9	January/February 2025
Treasury Management	Sara/Sam	Fieldwork	1	
Bank Reconciliation	Sara/Sam	Fieldwork	1	
Council Tax	Sonia	Fieldwork	3	
Sundry Debtors	Sonia	Scoped	9	February 2025
Housing Benefits	Sara/Sam	Fieldwork	4	
NNDR	Sonia	Scoped	5	
NFI 2022-24	Sam / Sonia	Fieldwork	5	January 2025

Whistleblowing	As required	
Follow up reviews	As required	
		65

Currently completed two reviews, but by the 31 March will have completed an additional 12 review equating to 14 out of 15 reviews (93%)

Table 5 – Other projects

Review title	Auditor	Comment	Days required	
Tackling poverty		On hold		
Housing First follow-up	TBC	Needs to be scoped	2	March 2025
Cefndy follow up		On hold		
Cynnig follow up		On hold		
Christ the Word Follow up		Completed		
Rhuddlan Town Council		Completed		
School funds		Last School Fund completed, but just needs to be reviewed.		March 2025
			2	

Currently completed two reviews, but by the 31 March will have completed an additional two review equating to four out of seven reviews (57%)

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Report to	Governance and Audit Committee
Date of meeting	22 January 2025
Lead Member / Officer	Lead Member for Finance, Performance and Strategic Assets
Report author	Head of Finance and Audit
Title	1. Treasury Management Strategy Statement 2025/26 and Prudential Indicators 2025/26 to 2027/28 (Appendix 1) 2. Treasury Management Update Report Q3 2024/25 (Appendix 2)

1 What is the report about?

- 1.1 The Treasury Management Strategy Statement (TMSS, Appendix 1) shows how the Council will manage its investments and its borrowing for the coming year and sets the policies within which the Treasury Management (TM) function operates. The TM Update Report (Appendix 2) provides details of the Council's TM activities during quarter 3 of 2024/25.

2 What is the reason for making this report?

- 2.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") requires the Council to approve the TMSS and Prudential Indicators annually. The Governance and Audit Committee is required to review this report before it is approved by Council on 28th January 2025. Furthermore, part of the Committee's role is to receive an update on the TM activities four times a year.

3 What are the Recommendations?

- 3.1 That the Committee reviews the TMSS for 2025/26 and the Prudential Indicators for

2025/26, 2026/27 and 2027/28 (Appendix 1).

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

4 Report details

Background

- 4.1 TM involves looking after the Council's cash, it is an important part of the Council's finance function as approximately £0.5bn passes through the Council's bank account every year.
- 4.2 At any one time, the Council can hold up to £40m in cash, so it needs to ensure a rate of return on the investments is achieved within an appropriate risk management framework, which is why money is invested with a number of financial institutions.

When investing, the Council's priorities, ranked in order, are to:

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

TMSS 2025/26

- 4.3 The TMSS for 2025/26 is set out in Appendix 1. There have been no major changes to the Strategy since last year. This report includes TM Prudential Indicators which set limits on the Council's TM activity as shown in Appendix 1 Annex A.

Quarter 3 TM update report

- 4.4 The TM update report (Appendix 2) provides details of the Council's TM activities during 2024/25 up to 31st December 2024.

5 How does the decision contribute to the Corporate Priorities?

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

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

- 6.1 There are no additional cost implications arising as a result of the setting of Prudential Indicators. The point of the TM Strategy is to obtain the best return within a properly managed risk framework.
- 6.2 There are costs associated with borrowing, the main cost being interest payable on loans; also brokerage fees, software subscriptions and treasury management advisor fees. These costs are partly offset by interest received on the Council's investments. Interest paid and received are monitored as part of the monthly finance monitoring procedures.

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

- 7.1 Financial planning and decision making should ensure that proper regard is given to the requirements of the Wellbeing of Future Generations Act and in particular, proper consideration of the long-term impact of financial decisions, including the payback period and whole life costs of capital investment decisions, properly impact assessed budget proposals and long-term debt and investment (treasury management) strategies. The principles of prudence, affordability and sustainability are already enshrined within the requirements of the Prudential Code and should underpin financial planning and decision making.
- 7.2 In the context of treasury management, the existing requirements to assess and report on the long-term financial consequences of investment and borrowing decisions using prudential indicators and long-term debt planning support the sustainability goals of the Wellbeing Act.
- 7.3 The Wellbeing Impact Assessment report is included in Appendix 3 and shows how an efficient Treasury Management strategy promotes the wellbeing goals of the Act.

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

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

9 Chief Finance Officer Statement

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

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

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

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

11 Power to make the Decision

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

Denbighshire County Council

**Treasury Management Strategy Statement
and Investment Strategy 2025/26 to 2027/28**

Contents

1. **Background**
2. **Treasury Position**
3. **Treasury Investment Strategy**
4. **Borrowing Strategy**
5. **Debt Rescheduling**
6. **Minimum Revenue Provision Statement 2024/25**
7. **Reporting Treasury Management Activity**
8. **Other Items**

Annexes

- A. Prudential Indicators
- B. Interest Rate Outlook
- C. Glossary
- D. Liability Benchmark Chart
- E. Debt Maturity Profile

Treasury Management Strategy Statement and Investment Strategy 2025/26 to 2027/28

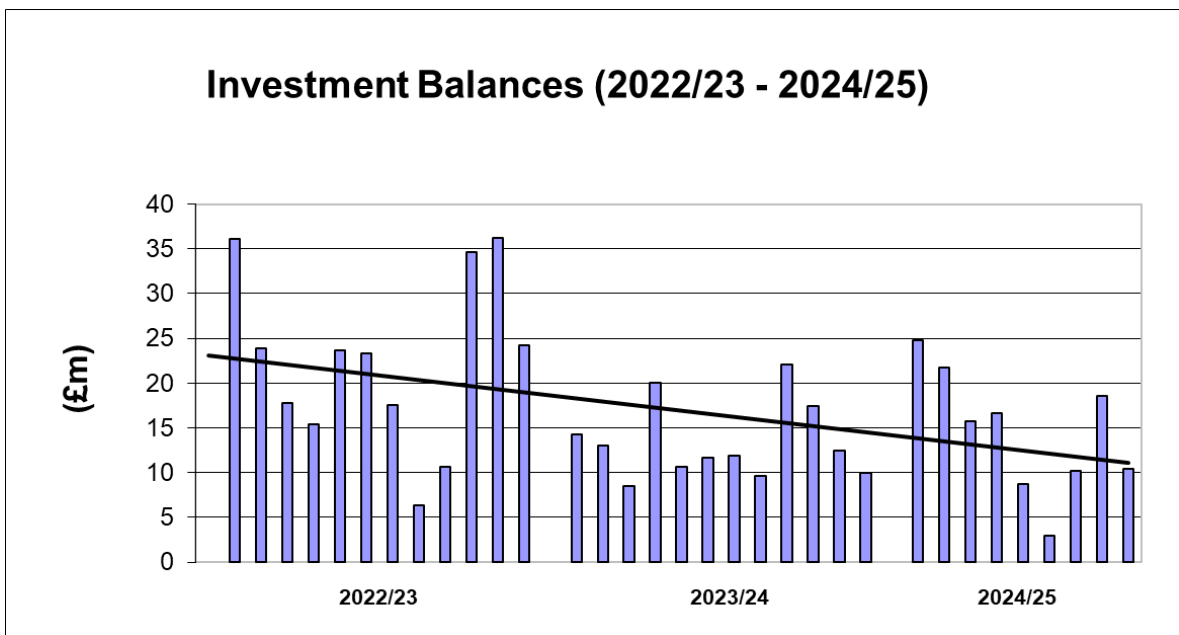
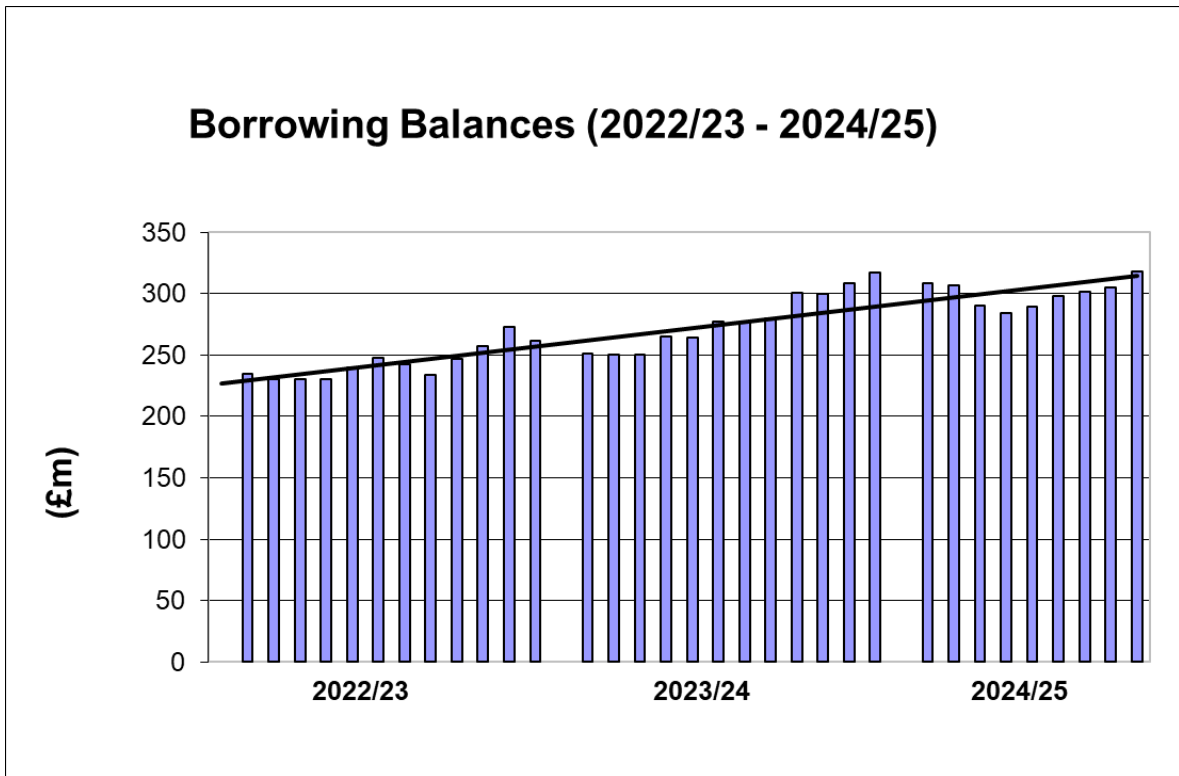
1 Background

- 1.1 The Council is responsible for its treasury management decisions and activity which involves looking after the Council's cash. This is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 1.2 In December 2021, the Chartered Institute of Public Finance and Accountancy (CIPFA) published its revised Prudential Code and Treasury Management Code of Practice. The Code requires the Authority to approve a Treasury Management Strategy Statement (TMSS) before the start of each financial year. There is also now a requirement to provide quarterly treasury management update reports to members and this has been implemented since the 2023/24 financial year.
- 1.3 In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. It also requires the Authority to include details of any investments and loans which are not held for treasury management purposes. Following a review, the Authority has concluded that it does not have any non-treasury related arrangements which fall within the scope of this guidance.
- 1.4 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.5 The purpose of the TMSS is to set the:
 - Treasury Management Strategy for 2025/26
 - Annual Investment Strategy for 2025/26
 - Prudential Indicators for 2025/26, 2026/27 and 2027/28 (Annex A)
 - Minimum Revenue Provision (MRP) Statement

2 Treasury Position

- 2.1 The levels of the Council's borrowing and investment balances over the last three years are shown in the graphs below. The first chart shows the Council's borrowing has increased over this period. The second chart shows a decrease in the amount of money which is available for investment. Both are in line with forecasts and link directly to the Council's Capital Plan.

**Treasury Management Strategy Statement
and Investment Strategy 2025/26 to 2027/28**



3 Treasury Investment Strategy

3.1 Both the CIPFA Code and the WG Guidance require the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate

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balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

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

Table 1: Treasury Investment Counterparties and Limits

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

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

Government: Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

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Local authorities and other government entities: Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

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

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

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

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

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

Real Estate Investment Trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a

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similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

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

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

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

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

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

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

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

Table 3: Non-Specified Investment Limits

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

4 Borrowing Strategy

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

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- 4.2 At the same time, the Council will also continue to monitor its cash position and interest rate levels to ensure that further long-term borrowing is undertaken at the optimal time to fund on-going capital commitments.
- 4.3 The approved sources of borrowing are listed below:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
 - any institution approved for investments
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Clwyd Pension Fund)
 - capital market bond investors
 - retail investors via a regulated peer-to-peer platform
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

5 Debt Rescheduling

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

6 Minimum Revenue Provision (MRP) Statement

- 6.1 The Council sets aside money each year to repay debt and this is known as the Minimum Revenue Provision (MRP).
- 6.2 There are four different methods of calculating MRP and the Council needs to say each year which methods it will use. This is known as the MRP Statement.
- 6.3 The MRP Statement is submitted to Council before the start of each financial year. If the terms of the original MRP Statement are revised during the year, a revised statement will be put to Council at that time.

6.4 MRP Statement

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The Council will apply the Asset Life Method to calculate MRP on outstanding supported borrowing incurred up to 31 March 2017 using a straight-line calculation over 50 years.

The Council will apply the Asset Life Method to calculate MRP on supported borrowing incurred on or after 1 April 2017 using a straight-line calculation over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.

The Council will apply the Asset Life Method to calculate MRP on all capital expenditure funded from unsupported borrowing using a straight-line calculation over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.

These methods represent a continuation of last year's MRP policy.

- 6.5 MRP on housing assets funded through prudential borrowing is charged on a straight-line basis over 20 years for improvement works to comply with the Welsh Housing Quality Standards (WHQS) and for property appropriated by the HRA, and over 50 years for new build properties and for the loans used to buy the HRA out of the government subsidy scheme on 31st March 2015. For capital expenditure incurred before the introduction of the WHQS the authority charges MRP on a 2% reducing balance basis.

7 Reporting Treasury Management Activity

- 7.1 The Section 151 Officer (Chief Finance Officer) will report to the Governance and Audit Committee on treasury management activity / performance as follows:
- (a) The Treasury Management Strategy Statement and Prudential Indicators will be submitted to the Committee in January each year prior to approval by Council.
 - (b) Quarterly treasury management updates will be submitted to the Committee in January, April, July and October each year.
 - (c) An annual report on treasury activity will be submitted to the Committee in July each year for the preceding year prior to approval by Cabinet.

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

8 Other items

8.1 Investment Training

8.1.1 Member Training

The CIPFA Code of Practice on Treasury Management requires the Section 151 Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, understand fully their roles and responsibilities. The last treasury management training session for all members was given on 18 January 2024 with additional training being arranged for early in 2025.

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

8.1.2 Staff Training

Staff attend training courses, seminars and conferences provided by Arlingclose and CIPFA. There is a team of three members of staff who cover TM duties on a rota basis to ensure that their knowledge is kept up to date. These members of staff are members of professional accountancy bodies including the CIPFA and the Association of Accounting Technicians (AAT). An additional member of staff will be added to the TM rota soon and she will be given full training before she starts her duties. The operational processes which staff must follow are shown within the Treasury Management Practices (TMPs) which have been updated recently.

8.2 Treasury Management Advisers

The Council uses Arlingclose Ltd as treasury management advisers and receives the following services:

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

The Council maintains the quality of the service with its advisers by holding quarterly strategy meetings and tendering every 5 years. The Council's current contract was renewed from 1 January 2024.

8.3 Markets in Financial Instruments Directive (MIFID)

- 8.3.1 Under the Markets in Financial Instruments Directive (MIFID), local authorities can be classed as professional clients if they have at least a £10m investment balance and staff with relevant experience. Local authorities not meeting the criteria have been reclassified as retail clients. Retail clients have greater protection when placing investments because

there is a requirement for firms to ensure that investments are suitable for the client. Professional clients are assumed to have greater knowledge and therefore need less protection.

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

8.4 Investment of Money Borrowed in Advance of Need

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

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

8.5 Policy on Use of Financial Derivatives

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

8.6 Housing Revenue Account (HRA)

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

ANNEX A

PRUDENTIAL INDICATORS 2024/25 TO 2026/27

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

- 1.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on a net interest paid basis (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments).

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- 1.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	2024/25 Approved %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100
Upper Limit for Variable Rate Exposure	40	40	40	40

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

2 Maturity Structure of Fixed Rate borrowing

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

Maturity structure of fixed rate borrowing (at 31st Dec 2024)	Actual %	Lower Limit %	Upper Limit %
under 12 months	15.20	0	40
12 months and within 24 months	3.94	0	40
24 months and within 5 years	11.82	0	40
5 years and within 10 years	17.90	0	40
10 years and above	51.14	30	100

3 Credit Risk

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

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- 3.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council’s assessment of counterparty credit risk.
- 3.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
 - Sovereign support mechanisms;
 - Credit default swaps (where quoted);
 - Share prices (where available);
 - Economic fundamentals, such as a country’s net debt as a percentage of its GDP;
 - Corporate developments, news, articles, markets sentiment and momentum;
 - Subjective overlay.
- 3.4 The only indicators with prescriptive values are credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

4 Upper Limit for total principal sums invested over 1 year

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

Upper Limit for total principal sums invested over 1 year	2024/25 Approved £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
	10.00	10.00	10.00	10.00

5 Liability Benchmark

- 5.1 To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Loans CFR	363	419	437	435	430
Less: Balance Sheet Resources	-47	-31	-25	-20	-20

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Net Loans Requirement	316	388	412	415	410
Plus: Liquidity Allowance	10	10	10	10	10
Liability Benchmark	326	398	422	425	420

- 5.2 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.
- 5.3 This is shown in the liability benchmark chart in Annex D together with the Council's debt maturity profile in Annex E.

ANNEX B

INTEREST RATES FORECAST

The Authority's treasury management adviser Arlingclose forecasts that The Bank of England's Monetary Policy Committee will continue reducing rates through 2025, taking Bank Rate to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

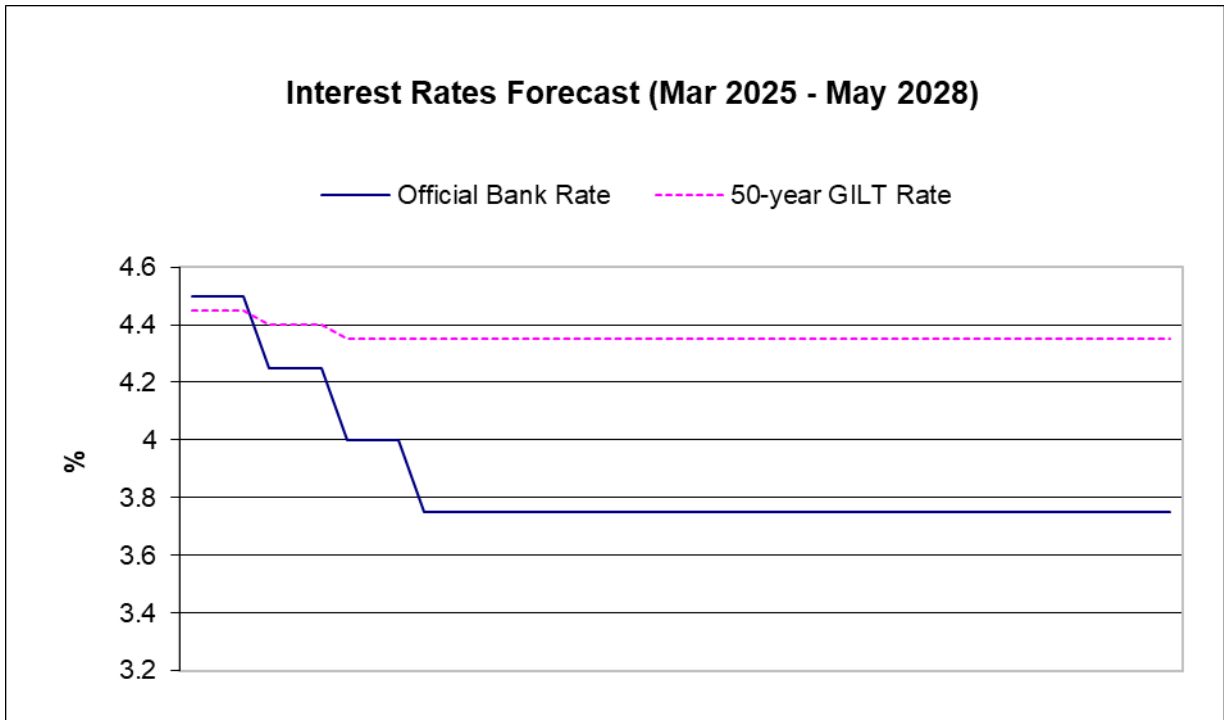
Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower

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compared to now. Yields will continue to remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

The graph below shows the interest rate forecast for the Official UK Bank Rate and the 50-year GILT rate from March 2025 to May 2028. The Official Bank Rate influences the rate at which the Council can invest. The GILT rate is the rate at which the Government borrows money and therefore this affects the rate at which the Council can borrow from the PWLB, which is approximately 1% above GILT rates, and the National Wealth Fund which is approximately 0.4% above GILT rates.

As the graph shows, it is slightly more expensive to borrow than to invest at the moment with the Official UK Bank Rate expected to decrease.



ANNEX C

GLOSSARY – Useful guide to treasury management terms and acronyms

BANK OF ENGLAND	UK's Central Bank
BANK RATE	Bank of England Interest Rate (also known as Base Rate)
CPI	Consumer Price Index – a measure of the increase in prices
RPI	Retail Price Index – a measure of the increase in prices

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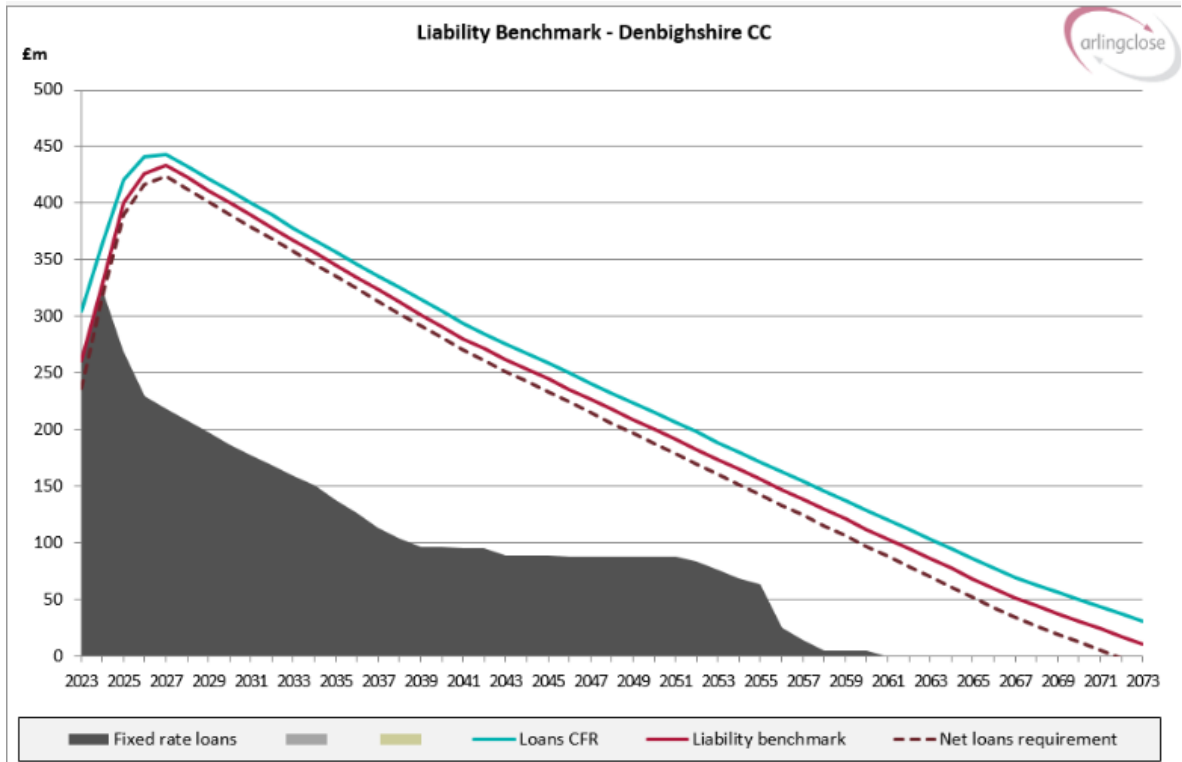
DMO	Debt Management Office – issuer of gilts on behalf of HM Treasury
FSA	Financial Services Authority - the UK financial watchdog
GDP	Gross Domestic Product – a measure of financial output of the UK
LIBID	London Interbank Bid Rate - International rate that banks lend to other banks
LIBOR	London Interbank Offer Rate – International rate that banks borrow from other banks (the most widely used benchmark or reference for short term interest rates)
PWLB	Public Works Loan Board – a Government department that lends money to Public Sector Organisations
MPC	Monetary Policy Committee - the committee of the Bank of England that sets the Bank Rate
LONG-TERM RATES	Interest rates on borrowing more than 12 months duration
SHORT-TERM RATES	Interest rates on borrowing less than 12 months duration
BOND (GENERAL)	An investment in which an investor loans money to a public or private company that borrows the funds for a defined period of time at a fixed interest rate
GOVERNMENT BOND	A type of bond issued by a national government generally with a promise to pay periodic interest payments and to repay the face value on the maturity date
CORPORATE BOND	A type of bond issued by a corporation to raise money in order to expand its business
COVERED BOND	A corporate bond issued by a financial institution but with an extra layer of protection for investors whereby the investor has recourse to a pool of assets that secures or “covers” the bond if the financial institution becomes insolvent
GILT	A bond that is issued by the British government which is classed as a low risk investment as the capital investment is guaranteed by the government

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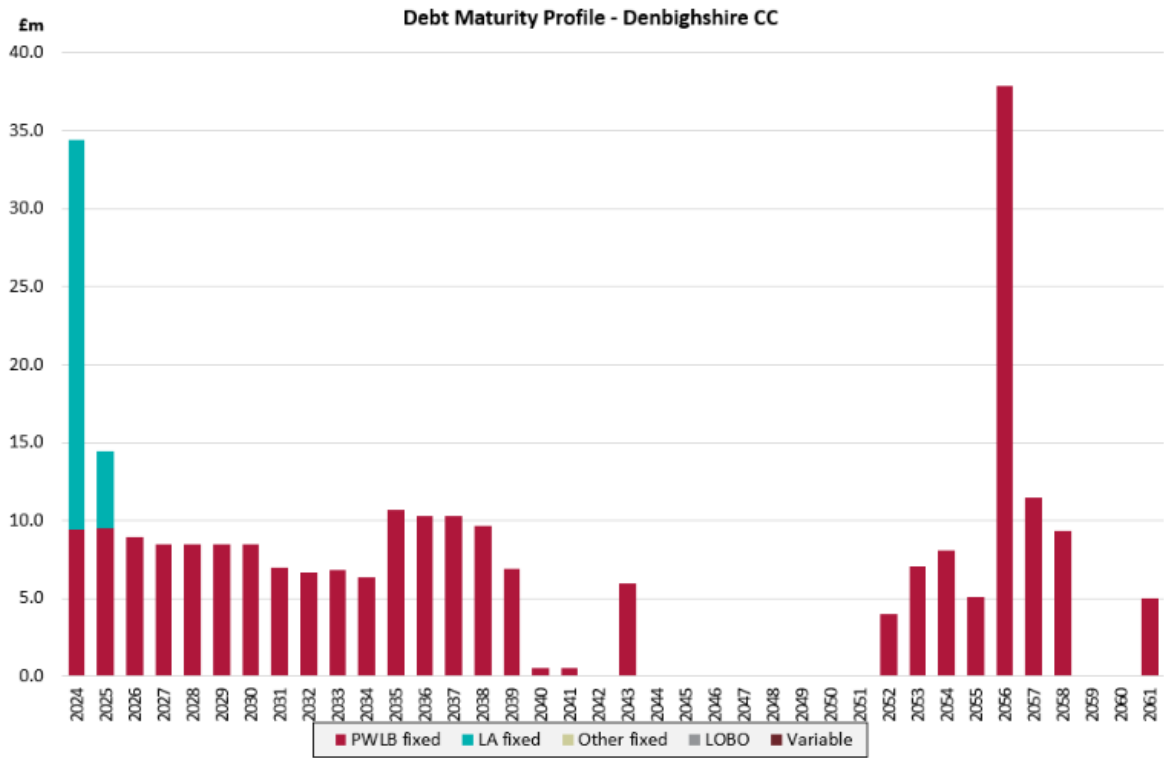
REPO	A repurchase agreement involving the selling of a security (usually bonds or gilts) with the agreement to buy it back at a higher price at a specific future date For the party selling the security (and agreeing to repurchase it in the future) it is a REPO For the party on the other end of the transaction e.g. the local authority (buying the security and agreeing to sell in the future) it is a reverse REPO
FTSE 100	Financial Times Stock Exchange 100 - An index composed of the 100 largest companies listed on the London Stock Exchange which provides a good indication of the performance of major UK companies

ANNEX D

Treasury Management Strategy Statement and Investment Strategy 2025/26 to 2027/28



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Treasury Management (TM) Update Report – Q3 2024/25

1 Economic Outlook

- 1.1 The impact on the UK from the government's Autumn Budget, slower interest rate cuts, modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.
- 1.2 The Bank of England's (BoE) Monetary Policy Committee (MPC) reduced Bank Rate to 4.75% at its meeting in November 2024, having previously cut by 25bp from the 5.25% peak at the August MPC meeting. At the November meeting, eight Committee members voted for the cut while one member preferred to keep Bank Rate on hold at 5%.
- 1.3 The November quarterly Monetary Policy Report (MPR) is forecasting Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker.
- 1.4 Office of National Statistics (ONS) figures reported the annual Consumer Price Index (CPI) inflation rate at 1.7% in September 2024, down from 2.2% in the previous month and lower than the 1.9% expected. Core CPI also declined further than expected to 3.2% against a forecast of 3.4% and the previous month's 3.6%. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

2 Interest rate forecast

- 2.1 The Authority's treasury management adviser Arlingclose forecasts that The Bank of England's Monetary Policy Committee will continue reducing rates through 2025, taking Bank Rate to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

- 2.2 Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue to remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

3 Investment Strategy

- 3.1 Given the ongoing risk from short-term unsecured bank investments, the Council has placed a greater emphasis on investing with the UK Government's Debt Management Office (DMO) in order to minimise these risks. The majority of our investment cash is therefore placed with the DMO on a short-term basis to meet monthly outgoings and the remainder with an instant access call account up to a maximum limit of £5m.
- 3.2 The Council's cash flow position is monitored constantly with a view to undertaking further borrowing as required over the next few months as the level of our investment cash decreases.

4 Borrowing Strategy

- 4.1 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Long-term interest rates have remained volatile and overall risen slightly during 2024. The Council has recently completed its application to borrow from the National Wealth Fund (NWF, formerly UK Infrastructure Bank), specifically to fund the coastal defence schemes in Prestatyn and Rhyl. This loan will be at a rate 40 bps less than equivalent loans offered by the PWLB. We are monitoring interest rates to ascertain the optimal time to draw down the loan and will do this in stages in order to reduce our interest rate risk. We recently drew down £15m at an interest rate of 4.64%.
- 4.2 Analysis of the Balance Sheet projections shows that the Council is likely to have a significant borrowing requirement in the future so there is a need to continue to fund this borrowing requirement through a mix of temporary loans from other local authorities and long-term borrowing. This is reviewed and discussed monthly in the Capital and Treasury Management update meeting.
- 4.3 The Council currently has 5 temporary loans from other local authorities for £29m in total over a 12-month period. This total is made up of £5m which is repayable in February, £5m in March, £4m in May, £15m in November / December. When the loans are repaid, we will review interest rates and the Council's cash flow position to determine

if further borrowing is required, and whether this should be temporary or long-term.

5 Controls

5.1 Prudential Indicators

The Council sets prudential indicators which set boundaries within which its treasury management activity operates. The indicators are calculated to demonstrate that the Council's borrowing is affordable and include measures that show the impact of capital and borrowing decisions over the medium-term. The Council has remained within all of its borrowing and investment limits for 2024/25 as stated in the TM Strategy Statement and the Capital Strategy Report agreed by Council in February 2024.

5.2 Authorised Limit and Operational Boundary for External Debt

2024/25	31/12/2024 £000
External Borrowing	318,123
Operational Boundary	410,000
Authorised Limit	415,000

5.2.1 **Operational Boundary:** This limit is set to reflect the Council's best view of the most likely prudent levels of borrowing activity.

5.2.2 **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements.

5.2.3 The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits within Quarter 3; at its peak this figure was £328.1m.

5.3 Interest Rate Exposure

5.3.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on the portfolio of investments.

	2024/25	2024/25 to date
	%	Actual Peak Exposure %
Upper Limit for Fixed Rate Exposure	100	91.7
Upper Limit for Variable Rate Exposure	40	15.1

5.4 Maturity Structure of Fixed Rate Borrowing

5.4.1 This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

5.4.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Maturity structure of fixed rate borrowing	Upper limit	Lower limit	Actual Borrowing as at 31/12/2024 £000	Percentage of total as at 31/12/2024 %
	%	%		
under 12 months	40	0	42,774	14.80
12 months and within 24 months	40	0	11,700	4.05
24 months and within 5 years	40	0	35,050	12.12
5 years and within 10 years	40	0	49,737	17.20
10 years and above	100	30	149,862	51.83
Total			289,123	100.00

5.5 Total principal sums invested for periods longer than 364 days

This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days. For 2024/25 this limit was set at £10m. The Council did not have any investments which exceeded 364 days during Q3 2024/25.

5.6 The Capital related Prudential Indicators are included in the Capital Strategy Report. The Capital Strategy Report will be included with the Capital Plan report to Council in February 2025 and will include the following Capital related Prudential Indicators:

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

5.7 Audit Reviews

The last Internal Audit (IA) review was undertaken in December 2024, with the report yet to be received. Previous IA reviews have found effective controls in place and awarded a high assurance rating, which shows that risks and controls are well-managed and objectives are being achieved. The next Internal Audit review is due in Autumn 2025.

6 Future

6.1 TM Strategy for next six months

As planned capital expenditure is incurred, the Council will continue to monitor its cash flow position to ensure that temporary borrowing is undertaken if required. The Council will also monitor market conditions and interest rate levels to ensure that long-term borrowing is undertaken at the optimal time in line with the TM strategy.

6.2 Staffing Changes

One employee has been added to the TM rota to provide additional cover and she is currently receiving training in her TM duties.

6.3 Medium-Term Capital Strategy

A medium-term strategy for capital investment would help identify projects that we are planning to develop and invest in over a 5 to 10 year period but that have not yet gone through the approval process. This will impact on the level of borrowing that the Council will require to undertake over the coming years. Vacancies in the Capital & Technical Accounting team and other work pressures have meant that work towards developing a medium-term strategy has paused. It is intended that progress will be made towards developing this strategy in 2025.

6.4 Reports

The next report will be the 2024/25 Quarter 4 TM Update Report which will be reported to the Governance and Audit Committee in April.

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Treasury Management Strategy Statement 2025/26: Well-being Impact Assessment Report

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

Assessment Number: 1423

Brief description: The Treasury Management strategy for 2025/26.

Date Completed: 19/12/2024 06:21:14 Version: 2

Completed by: Harrison Collins

Responsible Service: Finance and Audit Services

Localities affected by the proposal: Whole County,

Who will be affected by the proposal? Proposals have little or no direct impact on the vast majority of residents as the strategy involves managing the Council's investments and borrowing.

Was this impact assessment completed as a group? No

Summary and Conclusion

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

Score for the sustainability of the approach

2 out of 4 stars

Actual score : 23 / 36.

Summary for each Sustainable Development principle

Long term

The impact of this report is neutral in this particular area.

Prevention

The impact of this report is neutral in this particular area.

Integration

The impact of this report is neutral in this particular area.

Collaboration

The impact of this report is neutral in this particular area.

Involvement

The impact of this report is neutral in this particular area.

Summary of impact

Well-being Goals	Overall impact
A prosperous Denbighshire	Positive
A resilient Denbighshire	Positive
A healthier Denbighshire	Neutral
A more equal Denbighshire	Neutral
A Denbighshire of cohesive communities	Neutral
A Denbighshire of vibrant culture and thriving Welsh language	Neutral
A globally responsible Denbighshire	Neutral

Main conclusions

The assessment shows the overall impact is positive and will be monitored on an ongoing basis.

The likely impact on Denbighshire, Wales and the world

A prosperous Denbighshire

Overall Impact

Positive

Justification for impact

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

Further actions required

Sound financial planning and efficient long term treasury management strategies ensure that the positive impact of this report on the County's prosperity is maximised.

Positive impacts identified:

A low carbon society

Not applicable

Quality communications, infrastructure and transport

Financial planning and decision making ensures that proper consideration of the long term impact of financial decisions is given, including the payback period and whole life costs of capital investment decisions, properly impact assessed budget proposals and long term debt and investment (treasury management) strategies.

Economic development

The Treasury Management strategy and Prudential Indicators ensure that the Council's cash is safeguarded as much as possible by making investments in banks recommended in the annual strategy statement.

Quality skills for the long term

The strategy ensures that the Council's borrowing is monitored and is within set limits and is affordable. It identifies current financing requirements for the Capital Plan and estimates the proposed capital requirements for the next three financial years.

Quality jobs for the long term

Sound investment and borrowing decisions relating to the Council's cash will maximise the Council's income within the guidelines set in the Treasury Management strategy.

Childcare

The Prudential Indicators are a statutory requirement which demonstrate the affordability of our plans and contribute towards the overall financial wellbeing of Denbighshire.

Negative impacts identified:

A low carbon society

Not applicable

Quality communications, infrastructure and transport

Not applicable

Economic development

Not applicable

Quality skills for the long term

Not applicable

Quality jobs for the long term

Not applicable

Childcare

Not applicable

A resilient Denbighshire

Overall Impact

Positive

Justification for impact

A sound Treasury Management strategy ensures that the Council's cash is secure and new borrowing is affordable. It also enables the Council to react quickly to market volatility by continual monitoring of the financial institutions throughout the year.

Further actions required

Good investment decisions will help the Council to develop more efficient working practices which will use less resources which will help to maximise the positive impact of this report on the County's resilience.

Positive impacts identified:

Biodiversity and the natural environment

Not applicable

Biodiversity in the built environment

Not applicable

Reducing waste, reusing and recycling

Good investment decisions will help the Council to develop more efficient working practices which will use less resources.

Reduced energy/fuel consumption

The strategy is set at the start of the financial year but it is monitored carefully throughout the year to ensure that the Council reacts quickly to any market volatility and the impact on the banking institutions.

People's awareness of the environment and biodiversity

Not applicable

Flood risk management

Not applicable

Negative impacts identified:

Biodiversity and the natural environment

Not applicable

Biodiversity in the built environment

Not applicable

Reducing waste, reusing and recycling

Not applicable

Reduced energy/fuel consumption

Not applicable

People's awareness of the environment and biodiversity

Not applicable

Flood risk management

Not applicable

A healthier Denbighshire

Overall Impact

Neutral

Justification for impact

Proposals have little or no direct impact on the vast majority of residents as the strategy involves managing the Council's investments and borrowing.

Further actions required

The impact of this report is neutral in this particular area so this is not applicable

Positive impacts identified:

A social and physical environment that encourage and support health and well-being

Not applicable

Access to good quality, healthy food

Not applicable

People's emotional and mental well-being

Not applicable

Access to healthcare

Not applicable

Participation in leisure opportunities

The strategy contributes to the overall financial health of Denbighshire and therefore supports the delivery of the annual budget

Negative impacts identified:

A social and physical environment that encourage and support health and well-being

Not applicable

Access to good quality, healthy food

Not applicable

People's emotional and mental well-being

Not applicable

Access to healthcare

Not applicable

Participation in leisure opportunities

Not applicable

A more equal Denbighshire

Overall Impact

Neutral

Justification for impact

A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority without impacting on residents.

Further actions required

The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

Advancing equality and improving the well-being of people with protected characteristics, including fostering good relations between people with protected characteristics and those without. The nine protected characteristics are: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Not applicable

Advancing equality and improving the well-being of people who suffer discrimination or disadvantage

Not applicable

Advancing equality and improving the well-being of people affected by socio-economic disadvantage and unequal outcomes

An efficient treasury management strategy contributes to the financial resilience of the Council and supports service delivery

Areas affected by socio-economic disadvantage

Not applicable

Negative impacts identified:

Advancing equality and improving the well-being of people with protected characteristics, including fostering good relations between people with protected characteristics and those without. The nine protected characteristics are: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Not applicable

Advancing equality and improving the well-being of people who suffer discrimination or disadvantage

Not applicable

Advancing equality and improving the well-being of people affected by socio-economic disadvantage and unequal outcomes

Not applicable

Areas affected by socio-economic disadvantage

Not applicable

A Denbighshire of cohesive communities

Overall Impact

Neutral

Justification for impact

A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority without impacting on residents

Further actions required

The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

Safe communities and individuals

Not applicable

Community participation and resilience

Not applicable

The attractiveness of the area

Not applicable

Connected communities

Not applicable

Rural resilience

Not applicable

Negative impacts identified:

Safe communities and individuals

Not applicable

Community participation and resilience

Not applicable

The attractiveness of the area

Not applicable

Connected communities

Not applicable

Rural resilience

Not applicable

A Denbighshire of vibrant culture and thriving Welsh language

Overall Impact

Neutral

Justification for impact

A good treasury management strategy contributes to the overall financial resilience of the Council

and supports the on-going work of the Authority. It has no direct impact on the language and the culture because any treasury management decisions are based on the treasury strategy and advice from financial consultants.

Further actions required

The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

People using Welsh

Not applicable

Promoting the Welsh language

Not applicable

Culture and heritage

Not applicable

Negative impacts identified:

People using Welsh

Not applicable

Promoting the Welsh language

Not applicable

Culture and heritage

Not applicable

A globally responsible Denbighshire

Overall Impact

Neutral

Justification for impact

A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority. It has no direct impact on the local area.

Further actions required

The impact of this report is neutral in this particular area so this is not applicable.

Positive impacts identified:

Local, national, international supply chains

Not applicable

Human rights

All investments are undertaken from national institutions in line with the strategy and financial advice. The strategy determines the institutions with the minimum credit rating which the Authority is permitted to invest with.

Broader service provision in the local area or the region

All borrowing is undertaken from central Government as detailed in the strategy and in line with other local authorities.

Reducing climate change

Not applicable

Negative impacts identified:

Local, national, international supply chains

Not applicable

Human rights

Not applicable

Broader service provision in the local area or the region

Not applicable

Reducing climate change

Not applicable

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Report to	Governance and Audit Committee
Date of meeting	22 nd January 2025
Lead Member / Officer	Lead Member for Finance, Performance and Strategic Assets / Head of Finance and Audit
Report author	Head of Finance and Audit
Title	Update on 2025/26 Revenue Budget Setting

1. What is the report about?

Updating Governance and Audit Committee on the Welsh Government's (WG) Provisional Funding Settlement for Local Government 2025/26 and its implications for setting a balanced budget for 2025/26.

2. What is the reason for making this report?

Regular medium-term financial updates have been reported to Governance and Audit Committee throughout the year, as part of the role of the Governance and Audit Committee in seeking assurance that the Council has effective and robust processes in place for setting balanced budgets. The Council is legally required to set a balanced budget before the start of each financial year and to set the resulting level of Council Tax. Cabinet, at its next meeting on 18th February 2025 will consider a report to set a balanced budget and Council Tax for 2025/26. This report will then be considered by Council at its meeting on 20th February 2025.

3. What are the Recommendations?

3.1 The committee considers and provides feedback to Cabinet prior to the 2025/26 budget being set.

4. Report details

4.1 Provisional Funding Settlement for Local Government 2025/26

4.1.1 The Provisional Settlement for 2025/26 was received by the Council on 11th December 2024. The Council's provisional AEF (Aggregate External Finance, which consists of the Revenue Support Grant[RSG], and our share of the non-domestic rates pool[NDR]) from WG for 2025/26 equates to £215.222m.

4.1.2 WG have produced tables so that funding levels in 2024/25 and 2025/26 can be compared on a like for like basis across all Welsh councils. The restated 2024/25 figure has been slightly amended by WG since its initial publication. The council's 2025/26 funding compares with a restated 2024/25 AEF of £205.729m. A headline increase of £9.493m or 4.6%.

4.1.3 It is important to understand the detail behind the restated 2024/25 AEF, as it has an impact on 2025/26. Following the UK Gov budget in October 2024, Welsh Government allocated additional in year funding to Local Government, which is summarised in the table below.

2024/25 Adjustments to AEF	£m
Teachers Pay	0.619
Teachers Pensions	2.069
Non-teaching Pay	1.799
Total	4.487

This has been amalgamated into the base budget, but as this is a recent movement it has had the effect of increasing the funding in 2025/26 over and above the 4.6% quoted. The true impact of the provisional settlement is an increase of £14.427m or 7% (the council's 2025/26 funding compared with the original 2024/25 AEF of £200.795m).

4.1.4 Denbighshire's increase compares favourably to the Welsh average of 4.3% and follows increases in pupil numbers and free school meals data being used in the formula to distribute funding. We must recognise though that there is also a corresponding increase in demand for services as a result.

4.1.5 Within the announced figure WG have advised the following:

- All pay increases for both teaching and non-teaching posts are included within the settlement.

- The costs of enabling authorities to continue to meet the additional costs of introducing the Real Living Wage (RLW) for care workers are included in the settlement.

4.1.6 The UK government's Autumn Statement referred to changes in rates and threshold for employers' National Insurance Contributions from 1st April 2025. The increase in contributions will impact on the costs of employees the council directly employs and will also impact indirectly through increased supplier costs and, the cost of commissioned care from care providers in particular. The increase in the direct costs of employers' contributions is certain and will be included in the council's cost pressures for 2025/26. An estimate of indirect costs will also need to be included. Some uncertainty remains around funding for this cost pressure from both UK and Welsh Governments; WG expect funding to be provided by UK government during the first half of 2025/26 financial year following assessment of costs of public sector workers in Wales. This means we will not know the position with regards to funding for the increase in employers National Insurance until after our budget for 2025/26 has been set.

4.1.7 The Final Settlement is expected in March. Given the range of increases (across different Council's) WG state that they are open to considering providing additional floor funding at final budget and this would protect council's that have received a lower percentage increase in funding. WG cannot guarantee that there will be no other changes between the provisional and final settlements, but do not intend to make changes to methods or data underpinning the distribution of the settlement.

4.1.8 The provisional settlement provides no indication of what future year settlements are likely to be, though the WG states it is expecting multiyear settlements following the UK governments Spending Review during the first half of 2025. They hope to be able to provide a more than one-year indicative local government settlement in future years which will assist medium term planning.

4.1.9 Part of WG Programme of Government commits to ensuring local authorities are not hampered by unnecessary bureaucracy. A programme of work to reduce the number of separate grants paid to local authorities continues to move grants into the settlement. As a result there have been 'transfers in' and 'transfers out' included in the draft settlement. Grant funding ceases to be ringfenced for a specific purpose or initiative, with any grant 'transferring into' the settlement alongside the ongoing responsibility to deliver that

initiative. Homelessness grants have 'transferred in' which relates to the 'No-one left out' (NOLO) approach and the discretionary homelessness prevention grant.

4.1.10 In summary, whilst the increase in the settlement is above the planning assumption used in the Medium Term Financial Plan (MTFP) is positive and welcomed it does not resolve the financial challenges the council faces in setting a balanced budget in 2025/26, which will still require a combination of savings and increases in Council Tax.

2025/26 Budget Setting

4.2 Budget Pressures

4.2.1. Our medium-term financial updates reported to various committees throughout the year have explained that demand for services from our communities is growing and that the complexity of needs has intensified in areas such as education, children's services and adult social care. Whilst the headline rate of inflation has eased it continues to have an impact on the council by increasing costs of service delivery by exerting pressure on pay, commissioned care, food and fuel prices etc.

4.2.2. The current pressures being included in the 2025/26 budget total £21.325m. This equates to 8% of the 2024/25 budget and is the 3rd year consecutive year of pressures in excess of £20m. Details are listed in Appendix 1. Work continues on refining the budgetary pressures for inclusion with the final budget setting report, in particular on the adult social care budget.

4.2.3 The majority of the pressures faced by the council are outside of its control, for example pay inflation is set nationally, the council must also fulfil its statutory duties to provide demand led services such as social care, etc.

4.3 Setting a balanced budget in 2025/26

4.3.1 The current estimate of additional budget requirement for 2025/26 is £21.325m. This is more than the increase in funding the council will receive from the settlement from Welsh Government. A draft settlement of around 11% would have been required to fund all these pressures. Setting a balanced budget in 2025/26 will therefore still require a combination of savings and an increase in the level of Council Tax.

4.3.2 As previously reported the approach to setting balanced budgets over the next few years set out within the MTFS is the need to both identify savings and invest in transformational projects. To deliver savings in 2025/26, target percentage service

reductions have been issued which services have been working towards achieving whilst balancing the impacts on service delivery, many of which are statutory. Early savings proposals were included in an update report to Council in November 2024 that Lead Members and Heads of Service considered sufficiently developed totalling £4m. Work has been ongoing since to provide further savings for setting the 2025/26 budget, all of which will be considered by Cabinet and Council in February 2025 meetings.

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

Effective management of the Council's budgets and delivery of the agreed budget strategy underpins activity in all areas. The proposals include allocations to continue to support both corporate and service priorities.

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

As set out within the report.

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

7.1. A Well-being Impact Assessment (WIA) was completed for each major savings proposal in setting the 2024/25 budget. All assessments were collated and reviewed by strategic planning and performance officers to highlight any themes and patterns emerging to provide regular updates on the aggregate impact in respect of each of the well-being goals and whether the savings were disproportionately affecting any particular protected group. These were collated to form an overall WIA of the combined budget reduction measures. This has been updated throughout 2024/25.

7.2. A similar process is being implemented for 2025/26 budget setting.

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

In addition to regular reports to the Governance and Audit Committee and Performance Scrutiny Committee the budget process has been considered regularly by SLT, Cabinet

Briefing, Group Leaders and Council Briefing meetings. The School Budget Forum have been included in the proposals through-out the year. Trade Unions have been consulted through Local Joint Consultative Committee.

9. Chief Finance Officer Statement

9.1 The Council, along with all other Welsh councils, has been facing unprecedented financial challenges. The aim of the council's Medium Term Financial Strategy and Plan that has been reported regularly to different committee's to ensure that the council delivers future balanced budgets. Setting out the details and implications of the WG provisional settlement in this report will help ensure that the council is informed and prepared to set a budget at this challenging time.

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

10.1 The budget process itself is a risk management measure with the aim of identifying, assessing and agreeing budget proposals in a planned and timely way. Failure to agree these proposals without viable alternatives will risk not achieving a balanced budget for 2024/25.

10.2 A detailed analysis of risk and steps that will be taken to mitigate those risks will be provided in the final budget report to Cabinet in February 2025.

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.

Budget Pressures 2025/26

The current pressures being included in the 2025/26 budget total £21.325m. This equates to 8% of the 2024/25 budget and is the 3rd year consecutive year of pressures in excess of £20m. Details are listed below:

Pressure	£m	Description
Pay	3.000	Non-schools April 2025 pay award estimated at 3.8% in line with Office for Budget Responsibilities estimate of wage growth for 2025/26.
Increase in employers NI contributions	2.733	Non-schools – directly employed
Pay Grading	-1.760	See paragraph below
Adult Social Care	4.165	Forecasts of increased costs updated in October 2024 currently being updated to reflect higher than forecast increases in real living wage and employers NI costs.
Childrens Services	4.284	Forecast based on current placements (Oct 2024) and estimates for inflationary uplifts. Assumes no additional residential placements.
Highways and Environmental Services	1.667	Increase in Recycling and Waste budget as agreed by Cabinet in October 2024 £1.067m. Increase in costs of delivering highways winter maintenance £0.600m.
Schools	5.586	This includes funding for teaching and non-teaching pay awards estimated at 3.8%, employers NI, and leisure service level agreements. Also, includes funding for 0.5% to cover the shortfall in September 2024 pay award.
Schools - Demography	-0.480	Reflect an overall decrease in September 2024 pupil numbers used in the schools funding formula.
Fire Levy	0.500	The North Wales Fire and Rescue Authority is funded by a levy based on population is charged on all 6 North Wales councils. The levy is set by the Fire Authority, not by the councils, which ultimately must be paid. Current estimates are that the levy will increase by 7%.

Council Tax Reduction Scheme (CTRS)	0.500	Funding for CTRS transferred into the settlement several years ago and has not increased. Additional costs as a result of increases in council tax therefore requires funding.
Investment in Priorities	0.250	Impact of capital programme repayment of borrowing and interest costs – this pressure relates specifically to the Climate and Nature Strategy.
Other	0.508	Indexation on corporate contracts and costs
Transfers In / Out	0.372	Increases for NOLO and Homeless prevention less reductions for coastal risk management programme.
Total Pressures	21.325	

Pay Grading pressure. In recent years increases to the National Living Wage driven by high levels of inflation has had an impact on the Council’s pay structure. Grades have compressed at the lower end of the structure due to the removal of some spinal points and there is an increasing need to review the structure. The pressure whilst still included in the MTFP has been pushed back reflecting the commitment made by the national employers in recent pay negotiations to redesign the national pay spines and the time that may take. The Council recognises the need to review its pay structure, but it would not be feasible to complete that review when changes to the national pay spine are planned.

National Insurance contributions. The increase in employers’ national insurance (NI) contributions from April 2025 has been included as a cost pressure separately for directly employed non-schools employees and within the schools figure for employees directly employed by schools. As in the report work continues on refining cost pressures in social care which includes the impact of the increase in NI. Funding is anticipated from governments to cover the costs but has not been confirmed at this stage.

Work continues on refining the budgetary pressures for inclusion with the final budget setting report, in particular on the adult social care budget.

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Committee	Governance and Audit Committee
Date	January 22 nd 2025
Lead Member / Officer	Cllr Gwyneth Ellis (Lead Member for Finance, Performance and Strategic Assets) / Gary Williams (Corporate Director - Governance and Business)
Head of Service	Helen Vaughan-Evans (Head of Corporate Support Service: Performance, Digital and Assets)
Report author	Robyn Lovelock (Insight, Strategy & Delivery Manager)
Title of Briefing	Panel Performance Assessment (PPA)

1. What is the report about?

- 1.1 Denbighshire County Council's Panel Performance Assessment (PPA) final report, draft response statements and draft Action Plan responding to recommendations.

2. What is the reason for making this report?

- 2.1 For the Governance and Audit committee to be provided with the PPA report (Appendix 1), a draft of response statements (Section 4.6 and 4.7) and the Action Plan (Appendix 2) setting out responses to the recommendations in the Panel Performance Assessment (PPA) report for the committee to discharge their duties under the Local Government and Elections (Wales) Act 2021, namely:

- To receive a copy of the report (Appendix 1).
- To review the statutory statements the Council is required to make in response to the Report (Section 4.6 and 4.7) and make recommendations for changes to the statements as it deems appropriate.
- To review the actions the council intends to take (Appendix 2) and make recommendations for changes as it deems appropriate.

3. What are the Recommendations?

- 3.1 For Committee to note and provide feedback on the Panel Performance Assessment Report (Appendix 1).
- 3.2 For Committee to review the statutory statements the Council is required to make in response to the Report and make recommendations for changes to the statements as it deems appropriate (Section 4.6 and 4.7).
- 3.3 For Committee to review the actions the council intends to take, the 'Action Plan', and make recommendations for changes as it deems appropriate (Appendix 2).

4. Report details

About the PPA

- 4.1 The Local Government and Elections (Wales) Act 2021 requires that principal councils must make arrangements for a Panel appointed by the council to assess the extent to which it is meeting its performance requirements at least once between two consecutive ordinary elections (May 2022 and anticipated May 2027), i.e. once per County Council's term.
- 4.2 In addition to fulfilling the statutory requirement, an effective PPA can inform the council's improvement journey, building on the annual self-assessment, supporting it to look to the future through a different lens. The PPA has provided an opportunity to test thinking with impartial expert peers, who provide alternative perspectives through independent, objective challenge in making their recommendations.
- 4.3 The WLGA ran the Panel Performance Assessment on DCC's behalf between 9th – 12th September 2024 – the first PPA in Wales.
- 4.4 The draft report was reviewed for accuracy by Cabinet and SLT and all points of edit accepted by the Panel. The report was issued in November (Appendix 1). This report is positive overall and set out 9 recommendations for improvement and identified 8 areas of strength and innovation.

4.5 In responding to the PPA report, the legislation requires us to include:

- The extent to which we accept the conclusions in the report.
- The extent to which the council intends to follow any recommendations contained in the report.
- Any actions it proposes to take to increase the extent to which it meets the performance requirements (an Action Plan).

Draft statutory statements

4.6 The draft statement for the “the extent to which we accept the conclusions in the report” is as follows:

“The Council accepts the report and its conclusions. It notes that the Assessment was a useful process and appreciates the thoughtfulness and the thoroughness of the Assessment team. For future Assessments, we would welcome greater content in the final report on the evidence seen which has led to each recommendation. A general observation, which reflects across a number of our responses in the Action Plan, is that we would like to have seen more emphasis in the process and report on how we are building community and council well-being and resilience for anticipated future challenges, in line with the Well-being of Future Generations goals and ways of working.”

4.7 The draft statement for the “extent to which the council intends to follow any recommendations contained in the report” is as follows:

“The Council accepts all recommendations made in the PPA report and has put in place an Action Plan setting out how it will take each recommendation forward. It should be noted that this Assessment has been done at a particular point in time and progress has already happened quickly around some areas, such as prioritisation of the transformation work.”

Action plan

4.8 Actions the Council intends to take in response to the Reports recommendation is contained within the draft Action Plan (Appendix 2).

4.9 Actions will be added to the Council's Performance Management System and updates given quarterly. Progress on actions will also be communicated in our annual self-assessment.

5. How does the decision contribute to the Corporate Plan 2022 to 2027: The Denbighshire We Want?

5.1. The Panel Performance Assessment will test the effectiveness and efficiency of the council's functions. This work will particularly support the Corporate Plan's theme around being a Well-run, High Performing Council.

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

6.1. The PPA was delivered and funded by the WLGA.

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

7.1. No assessment is required for this report.

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

8.1. The scoping document, including the areas of focus sought, was developed between May and June 2024 with input from the Senior Leadership Team, Cabinet, Performance Scrutiny ([6th June 2024 – Item 9](#)), the Governance and Audit Committee ([12th June 2024 – Item 7](#)) and County Council ([9th July 2024 – Item 6](#)), alongside the council's self-assessment of its performance for 2023 to 2024.

8.2 To review the draft PPA report for accuracy, the draft version was reviewed by the Senior Leadership Team (17th October 2024) and at Cabinet Briefing (4th November 2024). The report findings were also discussed at the DCC Leadership Conference (3rd December 2024), CET (16th December) and Cabinet Briefing (6th January) to inform the draft statutory statements and action plan.

8.3 Informally the Report and Action Plan was discussed at Council Workshop (14th January) and at Staff Council (15th January).

8.4 Following today, the Report and Action Plan, including Governance and Audit recommendations, will be discussed at Cabinet (18th February) and Council (20th February).

9. Chief Finance Officer Statement

9.1. No statement is required with this report.

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

10.1. There are no significant risks associated with the recommendations in this report.

11. Power to make the decision

11.1. Local Government and Elections (Wales) Act 2021, Part 6, Performance And Governance Of Principal Councils And Corporate Joint Committees (Sections 92, 93, 94 and 108).

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Denbighshire County Council

Panel Performance Assessment

October 2024



1.0 Introduction and Background

- 1.1 In accordance with the performance duties under the Local Government & Elections (Wales) Act 2021, Denbighshire County Council commissioned a Panel Performance Assessment (PPA) via the Welsh Local Government Association (WLGA).
- 1.2 The onsite assessment was completed over a four-day period concluding on 12th September 2024 with a feedback presentation provided to the Council outlining the key findings detailed within this report.
- 1.3 The assessment was undertaken based on the Council's agreed scoping document and the WLGA's PPA methodology, which was developed with the sector. The WLGA PPA methodology provides an overarching framework: the lines of enquiry are not prescriptive but provide guidance to the Panel on the areas that could be explored to meet the statutory duty. However, the extent to which the Panel explores those areas should be proportionate to the Council's scope but sufficient to enable the Panel to form a conclusion.
- 1.4 In accordance with the statutory guidance the PPA is not an audit or an inspection and does not seek to duplicate work undertaken by regulators and other bodies. Whilst the Panel has undertaken a corporate assessment, this assessment was not in-depth and should be considered alongside other sources of assurance such as the Council's own self-assessment, internal audit reviews, external audit and regulatory reviews.
- 1.5 In preparing for the PPA, the Council scoped their requirements to maximise the value and impact of the assessment to the Council. The specific areas of focus identified by the Council are reflected in paragraph 3.2.
- 1.6 This report provides a summary overview of the conclusions of the Panel reported by exception.

2.0 Panel

- 2.1 The following peers were commissioned by the WLGA to undertake the assessment. Selection of the peers was agreed and at the discretion of the Council, based on suitability of skills and experience:
 - Independent Chair: Bev Smith
 - Senior Member Peer: Councillor Caro Wild, Cardiff City Council
 - Senior Officer Peer: Tom Bowring, Director of Corporate Resources, Vale of Glamorgan Council
 - Wider Public, Private, or Voluntary Sector Peers: Anna Morgan, Red Shiny Apple Ltd; and Sian-Elin Freel – Mentor, Editor and Proofreader.
- 2.2 The Panel were supported by Joseph Lewis (Improvement Officer) and Lyndon Puddy (PPA Manager) from the WLGA's Improvement Team.

3.0 Scope and Approach

- 3.1 The Panel were required to assess the extent to which the Council:
 - Is exercising its functions effectively;

- Is using its resources economically, efficiently and effectively; and
- Has effective governance in place for securing the above.

3.2 The Council identified the following areas where peer insight would be valued as part of the assessment:

- Leadership: How well is the Council's corporate and political structure working, and how is the capacity and capability suited to the delivery of the Council's priorities?
- Budget Proposals / Transformation: How well has the Council managed the current financial crisis, and how well is the Council preparing for the future?
- Partnership Working: How well placed is the Council to work effectively with partners, and maximise resources across sectors?

3.3 In undertaking the assessment the Panel conducted a desktop review of Council documents, data, external reports and other relevant intelligence. The onsite stage of the review involved a series of individual meetings and focus groups with the following stakeholders:

- Leader of the Council and Executive Cabinet Members
- Chief Executive Officer and Senior Leadership Team including S151 Officer and Monitoring Officer
- Heads of Service and key Officers of the Council
- Opposition Members
- All elected Members
- Staff focus groups
- Trade Unions
- Ambition North Wales
- Destination Partnerships (Business)
- Statutory and non-statutory members of the Public Services Board (PSB)
- North Wales Regional Partnership Board
- Denbighshire Voluntary Services Council
- Fforwm Iaith members
- Older Persons Forum
- Chair/Vice Chair: Governance & Audit Committee
- Chair/Vice Chair: Performance Scrutiny Committee
- Chair/Vice Chair: Standards Committee

Executive Summary

4.0 Overall Conclusion

- 4.1 Within the current context of significant demand and financial pressures, the Panel identified a well-run council, with strong and cohesive political and professional leadership, that was exercising its functions effectively, acknowledging that there have been some recent challenges following the roll out of the new waste system. The Panel concluded that the Council has clear processes in place for managing resources economically and efficiently, and effective governance arrangements in place. Opportunities for improvement have been identified, which will enhance the arrangements in place, particularly where these relate to the Council's long and medium-term transformation priorities, which the Council will need to address to ensure sustainability.
- 4.2 The Panel recognised a council which, across several administrations, has navigated a decade of local government austerity well, protecting frontline services where possible.
- 4.3 The Panel identified key strengths and areas of innovation and good practice which will stand the Council in good stead to navigate the challenging economic outlook, these are highlighted in section 6.0.
- 4.4 The recommended opportunities for improvement are captured within text boxes under the relevant sections of the report. These areas of improvement have been developed in the spirit of sector-led improvement and are intended to support the Council as it grapples with realities of a challenging economic outlook, and crucially as it moves forward with the next stage of its transformation.

5.0 Local Context

- 5.1 Denbighshire County Council is situated in North Wales and stretches from the coastal towns of Rhyl and Prestatyn in the north coast, through the Vale of Clwyd and into the Dee Valley. The County covers an area of around 837 square kilometres and has a population of around 94,000 residents with over 36,000 Welsh language speakers within the County.
- 5.2 The County is split into 29 wards and has 48 Councillors.

15	Labour
13	Independent
8	Plaid Cymru: Party of Wales
7	Conservative
2	Wales Green Party – Plaid Werdd
1	Non-aligned Councillor
2	Vacant

- 5.3 The Leader of the Council is Councillor Jason Mclellan. The Deputy Leader is Cllr Julie Matthews. The Cabinet is made up of 9 Councillors including the Leader and Deputy Leader.
- 5.4 Delivery of the Council's services is through the Council's Corporate Executive Team (CET). CET is the Chief Executive Officer, Graham Boase who is supported by three Corporate Directors (one of which is the Council's Monitoring Officer) and the S151 Officer. The CET structure is further supported through a Senior Leadership Team which includes CET and all other Heads of Service in the delivery of functions.
- 5.5 The Council's vision is to create a '**One Council**' culture, with strong visible leadership and effective management, ensuring high levels of customer service for our communities. The Council's published values are: **Pride, Unity, Respect and Integrity**.
- 5.6 The Council has 5 principles that are fundamental to everything it does:
- **Our Culture**
 - **Our Communities**
 - **Our Performance**
 - **Our Member / Officer Relations**
 - **Our Staff**
- 5.7 The Council has a revised Corporate Strategy, The Denbighshire We Want 2022-2027. This plan underpins the Council's strategic ambitions going forward to secure the well-being of its residents and was developed in light of challenging financial pressures.

6.0 Strengths and Areas of Innovation

- 6.1 The Panel noted several areas of strength across the Council and its administration, including:
- A politically mature and stable coalition, capable of working collectively and collaboratively in the interests of the county and its residents.
 - An engaged and energetic Chief Executive, who has sought to bring additional clarity and accountability to the Council's directorship structure, establishing a strong foundation for further change and continually promoting and living the 'One Council and Denbighshire Way'.
 - Positive working relationships between officers and members who both understand their unique and complementary roles.
 - Strong recognition amongst staff of the 'Denbighshire Way' and the 'One Council' approach.
 - A strong sense of pride and commitment from staff to making a difference to communities and a willingness to support Council staff from other service areas

who require short term capacity e.g. responding to the customer facing issues around waste.

6.2 The Panel also noted a number of areas of good practice and innovation, these included;

- The Council has engaged well with its staff and members on its immediate budget pressures to date.
- A high degree of integration across social services and education, evident in the management structure of the organisation, but also triangulated through the feedback of interviewees.
- The Member Area Groups (MAGs) whereby members and officers meet in designated wards across the County to discuss residents' local priorities and local impact issues e.g. road resurfacing. In this example choice to which road is resurfaced was discussed and proposed in terms of the local priority (excluding statutory requirements) within existing resources. This approach appeared innovative to the Panel and a real source of engagement with members and the community as a whole.

7.0 National and Local Challenges

7.1 As with all local authorities, the Council is facing significant financial pressures, both within year and into the medium term. The high gap funding scenario identifies an accumulative £67.4m funding gap by 2027-28.

7.2 This challenging economic backdrop persists at a time when there is increased demand for local authority services and a cost-of-living crisis which has been amplified by increasing inflationary pressures. As with other local authorities the Council has seen an increase in complex childcare placements, independent foster care placements, increased demand and costs in adult social care, and pressures in supporting homelessness due to costs and subsidies relating to temporary accommodation.

7.3 While this picture is broadly true of all local councils, Denbighshire does experience particularly acute levels of deprivation, particularly along its north coast. The county is home to some of the most deprived areas in Wales. The Welsh Index of Multiple Deprivation (2019) ranks areas in Wales from 1 (most deprived) to 1,909 (least deprived). According to the WIMD two parts of the Rhyl are now the most deprived in Wales -Rhyl West 2 (ranked 1) and Rhyl West 1 (ranked 2).

7.4 Across the UK's public sector there are well documented challenges in the recruitment and retention of staff across a range of professions; from planners to social works and those working in social care.

7.5 Whilst on site, the Panel recognised some of the political challenges facing the Council linked to the roll out of its new waste system. While this issue was identified as a major issue across the Council, the Panel was mindful that the PPA required to

consider a range of corporate functions, and not focus on any one single issue. The Panel recognises that the Council is looking to undertake a separate and independent review to understand how the Council's new recycling system was implemented and what lessons that can be learned but this should not dampen the Council's ambition to take appropriate risk in leading its future transformation programme.

Overview of Findings

8.0 Leadership: How well is the Council's corporate and political structure working, and how is the capacity and capability suited to the delivery of the Council's priorities?

- 8.1 Whilst on site the Panel saw evidence of clear executive leadership and a cohesive Senior Leadership Team, focussed on service delivery for the residents of Denbighshire and the staff of the Council.
- 8.2 The Panel also recognised that the democratic and corporate leadership of the Council embraced the principles of panel performance assessment and held a genuine commitment to its own and sector-led improvement.
- 8.3 The Panel saw firsthand evidence of a strong and mature coalition arrangement between the Labour Party and Plaid Cymru and heard evidence of how Cabinet is actively seeking to work collectively in the interests of citizens. As one Cabinet member suggested;
- "It's communities first, not politics".*
- 8.4 The Panel did also hear concerns from members of the Council, that there was a sense that Council had become more 'political' in recent years, and that had caused some additional strain on the administration.
- 8.5 The Panel recognised that the leadership of Denbighshire County Council has undergone substantial changes in recent years. This includes a new Chief Executive, a new political administration, 5 new members of SLT, and supported by new values and principles championed by the Leader and Chief Executive.
- 8.6 The Council may wish to consider, in light of ongoing strategic and operational pressures, what steps it can take to ensure it retains a cohesive Senior Leadership Team, aligned to a shared vision of Denbighshire County Council today and in the future. As one of our interviewees suggested;

"We are a learning organisation, we should take more time to invest in our own learning as teams".

- 8.7 The Panel also recognised the intense scrutiny and pressure that the Council's leadership faced following the implementation of the new waste system. The Council may wish to similarly consider what well-being focused support is available to all its impacted staff.
- 8.8 The Panel recognised the efforts the Chief Executive has put in place to rationalise the Council's directorships and noted that the new structure appears to be working well and is serving the Council's corporate interests.
- 8.9 The Panel explored evidence of the Council's "One Council" culture within its Corporate Plan and saw further evidence that SLT understood the vision and

corporate objectives of the Council and the role individual directorships and services play within it.

8.10 The Panel noted that the “One Council” culture could be developed further by the Council’s leadership, to articulate a clearer “One County” vision for *place*-based leadership. This could support the Council in articulating its transformation priorities for 25/26 and beyond.

8.11 The Panel noted that the Member Area Groups (MAGs) seems to work particularly well to manage the local ward priorities, and this could be further developed especially when considering the changes the Council may wish to make in how services are delivered in local areas, potentially including City, Town and Community Councils.

1.	<p>Continue to develop the narrative and vision the Council has set out for Denbighshire to ensure it can serve the county in the medium and long term.</p> <p>This should reflect the many advantages of the area, such as its fantastic cultural, natural and geographic assets. The Council should build on its approach to inclusive policy making to ensure that this vision is shared across the Council, its partners, and its residents.</p> <p>This vision should be aligned with its long-term transformation priorities and medium-term financial plan.</p>
2.	<p>Consider well-being and professional development support available to the Council’s Senior Leadership Team.</p> <p>The Corporate Executive Team and wider senior management team need to remain resilient and focussed in the face of ongoing and future challenges.</p>

9.0 Budget Proposals/Transformation: How well has the Council managed the current financial crisis, and how well is the Council preparing for the future?

9.1 The Council overspent by £3.2m in 2023/24. In Autumn 2023 this was projected to be £4.5m. Denbighshire undertook ‘budgetary control measures’ to help reduce the overspend. The areas of overspend were in Education and Children’s, Highways and Environmental, and Adult Social Care and Homelessness Services. The areas of overspend were due to:

- More complex child placements with increased costs and increased number of independent fostering placements.
- Overall significant pressures in adult social care and subsidy pressures in homelessness due to the average length of stay and rate per night in temporary accommodation.
- Highways and Environmental Services due to pressures in highways maintenance, street scene vehicle cost and waste services.

9.2 The Council has set a balanced budget for 2024/25 by:

- Identifying 'major savings proposals' amounting to £2.388m where Heads of Service were tasked with bringing forward large-scale saving projects. This was done in discussion with Lead Members. Each proposal was considered by the Corporate Executive Team and at informal meetings of Cabinet, before a report being to all Members was formally debated.
- Services also identified non-strategic savings/efficiencies amounting to £1.367m along with capital and corporate savings of £0.928m. This brought total non-strategic savings/efficiencies to £2.295m.
- Schools were also tasked to plan for 3% savings which amount to £2.7m, after receiving funding increases to cover inflationary pressures totalling £7.616m.

9.3 The approach outlined above still left a gap and Heads of Service were issued with further savings targets totalling £3m in 2024/25 and the Council acknowledged that this was not an ideal strategy, but in the weeks following approval of the budget, these savings were identified, and the Panel saw evidence that these are being delivered.

9.4 The Panel noted good practice in how performance against savings was reported and feel there could be opportunities to expand on this to include current and future saving proposals, building on the Red-Amber-Green approach currently used.

9.5 The Council has a strategy for its medium-term financial sustainability. The Panel recognised the positive engagement work across the Council that has taken place to support its budget planning for 2024/25 and noted that proposals had been amended based on feedback, suggesting that engagement was meaningful. This was complemented by the involvement of elected members at dedicated meetings to consider financial proposals and this was to be strengthened this year with an early budget debate.

9.6 The approach to identifying potential transformation schemes was seen to be inclusive, with staff at varying levels of the organisation being engaged in the process and the Chief Executive being visible in visiting staff regularly and at different locations consistent with the 'One Council' ethos.

9.7 The Panel considered the Council had put resource and energy into understanding the County's local pressures and are actively engaging the whole Council in managing its budget pressures now and into the future. This included attempts to address pressures within school budgets, following 13 of 54 schools bringing forward deficit balances compared with three in the previous year.

9.8 The Panel observed whilst on site that financial pressures were well understood and a key focus on the budget was being driven by the Council's Executive (political and officer). It was clear that this was embedded within the organisation's thought processes and was identified as the key pressure for the Council to manage. The scale of the financial pressures facing the Council was recognised by both internal and external stakeholders. This included recognition of the in-year financial

pressures on the Council's budget, an increase in need for demand driven services and the need to deliver financial savings.

9.9 However, the Panel felt that the Council needed to now proceed at pace with the prioritisation of its transformation aspirations using the prioritisation criteria it has developed. The Council will need to respond to anticipated future funding pressures, particularly its projected funding gap in the short, medium, and long-term. This will need to be aligned to its workforce strategy.

<p>3.</p>	<p>Develop a clear prioritisation of the Council's transformation agenda.</p> <p>The Council should continue to pursue its transformation agenda. The Council will need to carefully consider which of its projects and initiatives will be prioritised and carried forward, and crucially which projects will not.</p> <p>These should reflect the longer-term vision and ambition of the Council and align to its medium-term financial strategy, workforce strategy and risk appetite.</p>
<p>4.</p>	<p>Align the Council's operating model and workforce strategy to its vision and transformation agenda.</p> <p>The Council will need to carefully consider how its vision translates into the operating model for the Council. This should include how the Council can support staff to meet the demands of a future vision for how the Council operates, and be aligned to its key strategies that enable transformational change.</p>

10.0 Partnership Working: How well placed is the Council to work effectively with partners, and maximise resources across sectors?

10.1 The Panel noted a clear recognition amongst the Council's senior leadership team, that partnership working would be essential to 'managing down demand' in areas of acute budget pressure, and the Panel heard first hand from partners in statutory forums about the strong sense of strategic engagement DCC demonstrates at a senior level.

10.2 However, the Council should consider how it can build on its approach to partnership working, and better engage with organisations beyond these partnership forums. The Panel heard from several grassroots organisations, small businesses, and voluntary sector groups that there is a strong appetite to work with the Council at an earlier stage of policy development, and to work collaboratively for the collective interests of Denbighshire.

"The Council is the fuel that keeps partnerships going, but they could do more, and be the spark for more partnership working"

- 10.3 The Panel identified a clear understanding of the potential that new partnership forums had for alleviating budgetary pressures in the medium-term and beyond. However, it also heard from a range of stakeholders, both inside and outside of the Council, that the Council struggled to provide the depth of corporate support needed to maximise these partnership forum’s transformational potential.
- 10.4 The Council should also consider how it can engage with City, Town and Community Councils in its endeavour to strengthen partnership working.

5.	<p>Carefully consider the opportunities for further partnership working presented by new statutory regional consortia i.e. Corporate Joint Committees.</p> <p>The Council recognises the important role partners will have to play in ‘managing down’ demand on key Council services. The Council has an opportunity to build on and strengthen its approach to partnership working through proactive engagement with new statutory Corporate Joint Committees.</p>
6.	<p>Use the Council’s convening power to strengthen partnership working with City, Town and Community Councils, and amplify collaboration for collective outcomes.</p> <p>The Panel established that the Council is working with its City, Town and Community Councils in some areas and recognises the key roles and support this relationship can bring. The Panel suggests that this work could be further strengthened through earlier and constructive conversations around the capacity and resource capability of those Councils to support the wider aspirations of the Council in delivering its transformational change priorities and being an integral part of the operating model for the Council in the future.</p>
7.	<p>Review and strengthen relationship with Trade Unions.</p> <p>In light of new Social Partnership and Public Procurement (Wales) Act 2023, the Council’s senior leadership should consider whether they can do more to meet the aims and principles of consensus-building and collaborative working set out in the act with Trade Unions.</p>

11.0 The extent to which the Council is exercising its functions effectively

- 11.1 The Panel whilst on site were able to triangulate and evidence several sources that gave the Panel assurance that the Council is exercising its functions effectively. This included -:
- 11.2 Reviewing the statutory regulatory reports that highlighted no issues of concern to the Council’s service functions. At the time of the PPA the Council were experiencing service issues within waste. However, the Panel were satisfied that the Council was

establishing a review to learn lessons, address issues within waste and apply the wider learning to significant future service changes across the Council.

- 11.3 The Panel through a variety of staff groups, 1-2-1's, member groups identified common streams of the Councils' service pressures primarily resourcing to discharge the Councils current and future functions. The Council has identified resourcing as the cross organisational key pressure, and everyone the Panel engaged with understood this was the case. This process has been led and driven by the Chief Executive, wider Senior Management Team and political executive to the extent that a clear message to a 'whole' Council approach to future service planning and delivery is required with difficult future decisions and savings to be made. The Council is facing this challenge head on.
- 11.4 The Panel identified the Council has effective systems in place to deliver its functions through service planning, resources and performance management reporting with good scrutiny arrangements scoped around the Councils exiting corporate plan and corporate objectives. There is a clear and shared understanding, knowledge and ownership of the Council's vision and priorities across officer groups, Councillors and wider partners. The Panel further noted the new performance management arrangements that are in place and supporting the delivery of the Council's corporate priorities and notes the work that is ongoing to improve the availability and accessibility of data that will provide the Council with evidence to deliver its services across the organisation.
- 11.5 The service planning arrangements reflect the Council's consideration of the sustainable development principle set out in the Well-being of Future Generations Act, and clearly link and contribute to the delivery of the Council's corporate objectives. The Council's service planning arrangements also evidence and reflect the Welsh Government's 2030 Net Zero Wales commitments.
- 11.6 The Panel identified the strong commitment and knowledge of members and officers to the local communities across Denbighshire. Members are integral to the joint planning around the Member Area Groups (MAG) process, reflecting local resident concerns and service delivery priorities which is a strength in Denbighshire and a source to citizen satisfaction in the delivery of priorities in a financially constrained and locally planned way.
- 11.7 The Panel recognised that the Council has, via its Stakeholder Analysis Survey, mechanisms in place to measure the satisfaction of local people in how it delivers its services.
- 11.8 The Council's approach to partnership working is set out in section 10.0 above.

12.0 The extent to which the Council is using its resources economically, efficiently and effectively

- 12.1 The Council's financial management arrangements have been covered within section 8.0.
- 12.2 The Panel identified a recognition amongst the Council's Senior Leadership Team that the Council's workforce was one of its most important assets, and that the Council has recently developed its new workforce/people strategy for 2024 - 26.
- 12.3 This work will be essential to the Council's wider transformation aspirations, and in ensuring that the Council has a clear vision for its workforce in the medium- and long-term. The strategy also represents an important vehicle and focal point for considering new and emerging workforce issues.
- 12.4 The Panel recognised that the Council has invested time, effort and energy into its staff communications, and noted positively the publication of the Denbighshire Today, the Council's daily staff newsletter, is a good example of the Council's commitment to keeping its staff informed.
- 12.5 While on site the Panel had the opportunity to meet with several staff groups. These sessions highlighted the range of staff experiences in working for DCC. Including the broadly positive message staff had about working for the authority, but also highlighted some concerns and frustrations. Including how corporate messaging can be filtered out further down the organisational structure.
- 12.6 As part of an on-going review into Council communications, the Council may wish to consider what more it can do to further a culture of two-way staff engagement, and whether the Stakeholder Survey provides the Council with sufficient data to support and inform the implementation of its workforce strategy.
- 12.7 The Council should also consider how staff without access to a Council email are able to be engaged and kept informed of information relevant to staff.

8.	Review the Council's approach to how it communicates and engages with its residents, staff and partners. The Council reviews its approach to ensure that it has the right tools and resources in place to engage with its staff, citizens and stakeholders in a meaningful two-way process.
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13.0 The extent to which the Council has effective governance in place

- 13.1 The Panel felt that both officers and members had a good understanding of their unique and complementary roles within political management and were both supportive of the PPA process and the principles of ongoing sector led improvement.
- 13.2 The Panel also saw evidence of the emphasis that the Council's corporate and political leadership has placed on creating a culture of transparency and taking responsibility at a senior level.

- 13.3 The Panel identified a strong Governance and Audit Committee, which has strong and effective leadership through the committee’s chair and vice chair.
- 13.4 The Panel also identified a positive working relationship between the Council and its internal audit function, with effective systems in place to ensure transparency, including in areas of transformation.
- 13.5 The Panel also identified the Council as having effective risk management processes in place, with appropriate systems in place to in track risk across the organisation and a risk appetite that should enable the Council to capitalise on emerging opportunities. However, the Panel also noted that the Council could benefit from testing its own risk appetite amongst its senior officers and members, ensuring there is a shared understanding of how this can be applied to the Council’s transformation priorities and medium-term financial plan. This is particularly relevant given the intense public scrutiny the Council has faced following the role out of its new waste system.
- 13.6 The Panel saw evidence of the Council’s arrangements to provide ongoing member development and noted that the Council has recently established a range of mandatory training modules for members. The Panel recognised the opportunity for the Council to build on the support it offers its members, particularly its Cabinet members. As one of our interviewees put it;
- “Being a Councillor in 2024, let alone a Cabinet member, involves a steep learning curve.”*
- 13.7 To ensure the Council can deliver on its ambitions and is able to scrutinise its own performance, the Council will need to continue to work with its members, to understand their ongoing professional development needs, and ensure that appropriate support remains available to all Councillors and committees in support of their own continuous professional development.
- 13.8 The Panel saw evidence of the Council’s governance of its equality agenda, noting that it has established a dedicated, member-led, forum that brings officers and members together to consider equality issues.
- 13.9 However, the Panel also heard from several interviewees that the Council’s Integrated Well-being Impact Assessment processes, which supports the Council in ensuring that key statutory principles are considered within policy development, could be made more effective.

9.	<p>Equalities</p> <p>In reviewing its Corporate Plan the Council needs to reflect on where the requirements of the Equality Act 2010 Wales Specific Duties (for example the Strategic Equality Plan) are best placed to ensure it has a robust and effective approach in place.</p>
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14.0 Improvement Support

14.1 If the Council would like to discuss any support required to address the areas for improvement, please contact Jo Hendy, WLGA Head of Improvement.

15.0 Acknowledgements

15.1 The Panel and the WLGA would like to extend their thanks for the support in coordinating documentation requests, responses to queries, arranging meetings and workshops and providing onsite support.

Helen Vaughan-Evans – Head of Corporate Support Services - Performance, Digital and Assets

Robyn Lovelock – Insight, Strategy and Delivery Manager

Heidi Barton-Price – Strategic Planning and Performance Team Leader

Emma Horan – Strategic Planning and Performance Officer

Carol Evans – Strategic Planning and Performance Officer

Chloe Thomas – Strategic Planning and Performance Officer

Denbighshire County Council Panel Performance Assessment (PPA)

Draft Action Plan

In response to the issued PPA Report, the council is required under the Local Government and Elections Act (Wales) to state in its response any actions it proposes to take to increase the extent to which it meets the performance requirements. The action plan that follows is provided to discharge that statutory requirement and responds to the Panel's 9 recommendations for improvement and 8 identified strengths and areas of innovation.

The Chief Executive Team will be accountable for the delivery of actions identified with a Senior Leadership Team lead identified to be responsible for the delivery. All action will be delivered during 2024/25 and 2025/26. Status updates will be provided to Committees every 6 months as part of the Council's performance self-assessment reporting.

9 Areas for Improvement

Report Reference	Recommendation detail	Action in response	Responsible Officer
8.11 (Rec.1)	<p><u>Continue to develop the narrative and vision the Council has set out for Denbighshire to ensure it can serve the county in the medium and long term.</u></p> <p>This should reflect the many advantages of the area, such as its fantastic cultural, natural and geographic assets. The Council should build on its approach to inclusive policy making to ensure that this vision is shared across the Council, its partners, and its residents.</p> <p>This vision should be aligned with its long-term transformation priorities and medium-term financial plan.</p>	<p>We will build on our work engaging residents and partners in our Closer to Communities and Placemaking Plans to develop our narrative and vision alongside developing our transformation priorities and financial plan.</p> <p>While we recognise and value the area's assets as identified in the report, we propose our narrative and vision is more strongly based in building community and council well-being and resilience for anticipated future challenges, than in the marketing of these assets as implied in the report. We will take this work forward through the following actions</p> <p><u>Action #1: Develop the narrative and long-term vision for the Council and Denbighshire; consider the value of creating aspirational marketing material to support our inward investment goals.</u></p>	<p>#1 - Head of Corporate Support Service- Performance, Digital and Assets</p>

Report Reference	Recommendation detail	Action in response	Responsible Officer
		<p>Action #2: Work through the Public Services Board to ensure the up-coming Well-being Plan is developed inclusively and reflects a financially-viable narrative and vision, in line with the corporate plan and transformation priorities.</p> <p>Action #3: We also acknowledge the need to communicate better within the council, with residents and partners to build ownership and understanding of the council vision and progress in delivery. To this end, we will review our communication of key performance indicators (KPIs) – (#3a), across key projects (#3b) and to those less able to access digital communications (see Action #13, below).</p>	<p>#2 - Head of Corporate Support Service- Performance, Digital and Assets</p> <p>#3 - Head of Corporate Support Service- People</p>
<p>8.11 (Rec.2)</p> <p>Page 142</p>	<p><u>Consider well-being and professional development support available to the Council’s Senior Leadership Team.</u></p> <p>The Corporate Executive Team and wider senior management team need to remain resilient and focussed in the face of ongoing and future challenges.</p>	<p>We will continue to provide a safe, stable and sustainable working environment for all staff. To enhance existing provision, we are developing an organisational Wellbeing Strategy for implementation during 2025/26.</p> <p>Our Wellbeing Strategy will prioritise the health, safety, and wellbeing of our workforce, further supporting conditions for them to be safe and well. While we accept that particular support to the Council’s Senior Leadership Team is essential for business continuity, we propose this resilience and focus must also be extended to wider middle management.</p> <p>Action #4: We will work with our Leadership Team (CET/SLT/Middle Managers) to ensure the Wellbeing Strategy specifically sets out how the Council can better support their wellbeing and resilience. Managers will also be supported to meet their own wellbeing needs as identified through on-going 1:1s.</p> <p>Action #5: We will work with our Leadership Team (CET/SLT/Middle Managers) to understand their professional development needs to include training, coaching, and mentoring. From this we will identify the corporate development required and produce a Corporate Professional Development Plan for implementation during 2025/26. Managers will also be supported on how best to</p>	<p>#4 - Head of Corporate Support Service- People</p> <p>#5 - Head of Corporate Support Service- People</p>

Report Reference	Recommendation detail	Action in response	Responsible Officer
		meet their own personal professional development needs identified through this exercise	
9.9 (Rec.3)	<p><u>Develop a clear prioritisation of the Council's transformation agenda.</u></p> <p>The Council should continue to pursue its transformation agenda. The Council will need to carefully consider which of its projects and initiatives will be prioritised and carried forward, and crucially which projects will not.</p> <p>These should reflect the longer-term vision and ambition of the Council and align to its medium-term financial strategy, workforce strategy and risk appetite.</p>	<p>A clear prioritisation of our Transformation Programme has now been completed. Consultation across senior managers has shown strong support for the transformation agenda, which we will continue to roll-out through the tranche approach to prioritisation of projects.</p> <p>As per Actions #2 and #3, above, we will continue to develop and communicate the narrative around that transformation, and ensure it is embedded in our Well-being Plan.</p>	See actions #2 and #3
6.9 (Rec.4) Page 143	<p><u>Align the Council's operating model and workforce strategy to its vision and transformation agenda.</u></p> <p>The Council will need to carefully consider how its vision translates into the operating model for the Council. This should include how the Council can support staff to meet the demands of a future vision for how the Council operates, and be aligned to its key strategies that enable transformational change</p>	<p>Service planning, design, policy and standards development will be taken on a case-by-case basis to make commissioning decisions (make/buy/borrow) and this activity will be prompted by annual service planning and contract management processes. It is expected a mixed economy model will continue in DCC as its operating model.</p> <p><u>Action #6: We will complete the latest iteration of a workforce planning exercise with services to identify their workforce needs and ensure they meet current and future demands of our transformation agenda, vision and financial pressures. This will include consideration of professional development for senior and middle management as per Action #5 above. We will use key actions collated from the workforce planning exercise to review the Council Workforce Strategy and ensure it aligns with the council's transformational programme.</u></p>	#6 - Head of Corporate Support Service- People
10.4 (Rec.5)	<p><u>Carefully consider the opportunities for further partnership working presented by the new Corporate Joint Committee as a new statutory regional body</u></p> <p>The Council recognises the important role partners will have to play in 'managing down' demand on key Council services. The</p>	<p>The Council is looking to build on its existing regional partnership work to explore and deliver continued efficiency gains and to reduce duplication of effort through greater collaborative working.</p> <p><u>Action #7: work closely with partners in the Corporate Joint Committee (CJC) to understand and develop proposals for greater collaborative working, reducing duplication and delivering</u></p>	#7 – Chief Executive

Report Reference	Recommendation detail	Action in response	Responsible Officer
	Council has an opportunity to build on and strengthen its approach to partnership working through proactive engagement with new statutory Corporate Joint Committees.	efficiency gains; communicating opportunities clearly to employees, members and residents.	
10.4 (Rec.6) Page 144	<p><u>Use the Council's convening power to strengthen partnership working with City, Town and Community Councils, and amplify collaboration for collective outcomes.</u></p> <p>The Panel established that the Council is working with its City, Town and Community Councils in some areas and recognises the key roles and support this relationship can bring. The Panel suggests that this work could be further strengthened through earlier and constructive conversations around the capacity and resource capability of those Councils to support the wider aspirations of the Council in delivering its transformational change priorities and being an integral part of the operating model for the Council in the future.</p>	<p>We accept we need to develop the relationship with City, Town and Community Councils, and see this as a gateway to extending our working with communities and the Denbighshire Voluntary Services Council (DVSC)</p> <p><u>Action #8:</u> We will build a more collegial relationship with city, town and community councils e.g. by restoring regular meetings with a dedicated liaison officer and annual meetings with the Chief Executive and Leader. We will gather and promote case studies of effective partnership working between county and local councils. Through the meetings above, we will engage City, Town and Community Councils in decision-making around shared areas of interest.</p> <p><u>Action- #9:</u> Building on placemaking plans, we will work with local councils to identify and engage community groups in shared areas of interest relevant to that group(s), including schools and young people.</p>	<p>#8 – Head of Housing and Communities</p> <p>#9 - Head of Planning, Public Protection and Countryside</p>
10.4 (Rec.7)	<p><u>Review and strengthen relationship with Trade Unions.</u></p> <p>In light of new Social Partnership and Public Procurement (Wales) Act 2023, the Council's senior leadership should consider whether they can do more to meet the aims and principles of consensus-building and collaborative working set out in the act with Trade Unions.</p>	<p>We would value a closer relationship and deeper partnership with trade unions and will seek to build on the existing, regular engagement led predominantly by the Human Resources team.</p> <p><u>Action #10:</u> The council will conduct an analysis of potential value to the council's priorities from the new Social Partnership and Public Procurement (Wales) Act and explore opportunities to build engagement. We will work with the Unions to increase awareness and understanding of the role of unions and the existing processes we have in place around trade union engagement</p> <p><u>Action #11:</u> We will seek to embed the aims and principles of consensus-building and collaborative working into council systems and processes through building this into Corporate Induction process and New Manager Training Course.</p>	<p>#10 – Head of Corporate Support Service- People</p> <p>#11 – Head of Corporate Support Service- People</p>

Report Reference	Recommendation detail	Action in response	Responsible Officer
<p>12.7 (Rec.8)</p>	<p><u>Review the Council’s approach to how it communicates and engages with its residents, staff and partners.</u></p> <p>The Council reviews its approach to ensure that it has the right tools and resources in place to engage with its staff, citizens and stakeholders in a meaningful two-way process.</p>	<p>The Council is clear it wants to improve communication and engagement residents, employees and partners, and has plans already underway to do so (e.g. see Action #2 above in particular). In addition, we will:</p> <p><u>Action #12: We will develop a dedicated website for communicating with the general public. We will continue to ensure communication with residents is clear and in a format that is understandable and accessible.</u></p> <p><u>Action #13: We will explore options for improving staff communications especially with for those staff who do not have access to council’s emails and intranet. This includes exploring the use of a dedicated app for Denbighshire staff.</u></p> <p><u>Action #14: We will continue to develop our approach for partnership that supports the development and diversification of Council partnerships as it moves forward with its transformation programme.</u></p>	<p>#12 - Head of Corporate Support Service- People</p> <p>#13 - Head of Corporate Support Service- People</p> <p>#14 - Head of Corporate Support Service- Performance, Digital and Assets</p>
<p>13.9 (Rec.9)</p>	<p><u>Equalities</u></p> <p>In reviewing its Corporate Plan the Council needs to reflect on where the requirements of the Equality Act 2010 Wales Specific Duties (for example the Strategic Equality Plan) are best placed to ensure it has a robust and effective approach in place.</p>	<p>We have integrated our Strategic Equalities Plan (SEP) into our Corporate Plan. This was done to ensure equality considerations were mainstreamed to become everyone’s responsibility to improve (equalities also being a central consideration of the wellbeing impact assessment required for each project).</p> <p>We also have a dedicated Strategic Equalities and Delivery Board which oversees delivery of the equalities aspects of the integrated plan. Standalone equalities performance reports are being produced quarterly from October 2024, tracking progress in delivery.</p> <p><u>Action #15: We will connect with the two other local authorities in Wales who have integrated their Strategic Equalities Plan to their Corporate Plan as we have so we can share practice and exchange experience of any challenges.</u></p>	<p>#15 - Head of Corporate Support Service- Performance, Digital and Assets</p>

8 Identified Strengths and Areas of Innovation

Report Reference	Identified Strengths and Areas of Innovation detail	Organisational response	Responsible Officer
6.1 (bullet pt.1)	A politically mature and stable coalition, capable of working collectively and collaboratively in the interests of the county and its residents.	The four values and five principles championed by the Council are key to continuing and developing the coalition and good working relationships at the heart of these observations. The leadership team has spent a lot of time engaging with and training Councillors and will seek to build on these relationships moving forward, particularly through the work of the “Well Run, High performing Council” board.	Chief Executive
6.1 (bullet pt.2)	Positive working relationships between officers and members who both understand their unique and complementary roles.		
6.1 (bullet pt.3)	An engaged and energetic Chief Executive, who has sought to bring additional clarity and accountability to the Council’s directorship structure, establishing a strong foundation for further change and continually promoting and living the ‘One Council and Denbighshire Way’.	See responses to recommendations 8.11 (Rec.1) and 8.11 (Rec.2) above about communicating change and supporting the wellbeing and personal development of all senior leaders / managers to ensure resilience.	See actions #1, #2, #3, #4, #5 above
6.1 (bullet pt.4)	Strong recognition amongst staff of the ‘Denbighshire Way’ and the ‘One Council’ approach.	We will continue to build on engagement and communication with employees around these priorities, particularly noting Action #13 above.	See action #13 above
6.1 (bullet pt.5)	A strong sense of pride and commitment from staff to making a difference to communities and a willingness to support Council staff from other service areas who require short term capacity e.g. responding to the customer facing issues around waste.	As set out in action #4 with regards recommendation 8.11 (Rec.2) above, we will continue to support all staff with well-being, particularly following particularly intense or difficult experiences.	See action #4 above
6.2 (bullet pt.1)	The Council has engaged well with its staff and members on its immediate budget pressures to date.	As set out above, we will further develop our approach to communication and engagement to support the Council’s transformation and budget agenda.	See actions #2, #3, #13 above
6.2 (bullet pt.2)	A high degree of integration across social services and education, evident in the management structure of the organisation, but also triangulated through the feedback of interviewees.	We will continue to build on this integration.	Corporate Director for Social Care and Education
6.2 (bullet pt.3)	The Member Area Groups (MAGs) whereby members and officers meet in designated wards across the County to discuss residents’ local priorities and local impact issues e.g. road resurfacing. In this example choice to which road is resurfaced was discussed and	We will consider how to build on the lessons learned from the MAGs function to further strengthen our engagement with and responsiveness to residents.	Corporate Director for Governance and Business

Report Reference	Identified Strengths and Areas of Innovation detail	Organisational response	Responsible Officer
	<p>proposed in terms of the local priority (excluding statutory requirements) within existing resources. This approach appeared innovative to the Panel and a real source of engagement with members and the community as a whole.</p>		

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Report to	Audit and Governance Committee
Date of meeting	22.01.25
Lead Member / Officer	Diane King (Lead Member for Education, Children and Young People),
Report authors	Geraint Davies (Head of Education)
Title	Estyn Enhanced Local Authority Visit 2024

1. What is the report about?

1.1. The report provides information on the process followed and the outcome of the Estyn Local Authority Visit October 2024 (**Appendix 1**)

2. What is the reason for making this report?

2.1. To present the outcome letter of the recent Estyn Enhanced Local Authority Visit focusing on Attendance and Additional Learning Needs.

3. What are the Recommendations?

3.1. Audit and Governance Committee are invited to receive the details of this Letter.

4. Report details

4.1. Estyn regularly evaluates aspects of local government education services through a variety of activities. (**Appendix 2**) Some of these activities result in published evaluations, while others don't. These activities include

- Regular Local Authority Link Inspector Meetings
- Assurance and Risk Assessment Meetings
- Enhanced Local Authority Link Inspector Visits (ELV)
- Thematic Reports
- Topical Reports

- Inspections

4.2. On the 21 – 23 October 2024, Richard Thomas HMI and two HMI colleagues carried out an enhanced local authority link inspector visit which focussed on additional learning needs and attendance.

4.3. Estyn usually undertake an enhanced LALI (Local Authority Link Inspector) visit twice in a six-year cycle to each LA (every two years but not in the year when the LGES (Local Government Education Service) inspection takes place). The visit focuses on a specific aspect of the LA's LGES which will be agreed prior to the visit through the LALI.

4.4. A focus area could be one that the LA wishes Estyn to consider, it could be a recommendation from a previous inspection, or it could be an area of Estyn's choice. Attendance and ALN were selected in DCC due to the National and local focus on the areas.

4.5. The work is carried out over two days and involves the LALI plus two other inspectors.

4.6. Prior to the 3 days visit a timetable was agreed and meetings included meetings with:

- Head of Education
- ALN and Attendance senior officers
- Team members
- Chief Executive Officer
- Chair of Performance Scrutiny
- Lead Member for Education
- Head Teachers
- School Staff

4.7. Prior to the meeting appropriate documents were uploaded to the Estyn Virtual Inspection Room to allow inspectors time to scrutinise them.

4.8. The 2 areas in focus were as follows:

- 1. How well does the local authority identify pupils with additional needs early through collaboration, transition and multi-agency working.**
- 2. How effective is the local authority in providing effective challenge and targeted support to improve pupil attendance**

4.9. Estyn identified strengths in each focus areas as highlighted in the outcome letter.

4.10. Estyn do not provide recommendations in Enhanced Visits but offer suggestions for the LA to consider. Estyn suggested 3 points of consideration during the visit.

4.11. Enhanced Visit letters are not published and are issued to support the improvement process of the authority. As a service we are now reviewing the considerations suggested and addressing them through our service area improvement plans.

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

5.1 This area of work contributes towards making Denbighshire a healthier and happier place where young people want to live and work and have the skills to do so. It also contributes to make Denbighshire a place where young people can learn and grow, in a fair and safe environment and have the best start in life.

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

6.1. There may be additional costs in meeting the recommendations, but we will aim to keep these within existing budgets.

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

7.1. A Well-being Impact Assessment will generally be required for decisions or proposals for change in order to comply with the Equality Act 2010, the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language Standards. As this is a report on an inspection outcome a well-being Impact Assessment is not required.

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

8.1 Discussions with the Lead Member for Education, Children and Families formed a critical part of the inspection process, this is the first opportunity to present the letter following its publication.

9 Chief Finance Officer Statement

9.1 There were no additional costs during the inspection.

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

10.1 The inspection report highlights all the areas identified that required improvements and forms part of the service evaluation and improvement process.

11 Power to make the decision.

11.1 Powers in relation to matters detailed in this report are as per:

- Section 7 of the Council's Constitution
- The Well-being of Future Generations (Wales) Act 2015
- Local Government (Wales) Act 2015

Denbighshire County Council
County Hall
Wynnstay Road
Ruthin
Denbighshire
LL15 1AT

11/11/2024

Dear Geraint Davies

Enhanced LALI visit: October 2024

On the 21 – 23 October 2024, Richard Thomas HMI and two HMI colleagues carried out an enhanced local authority link inspector visit which focussed on additional learning needs and attendance.

During our visit, we had the opportunity to:

- meet with yourself as the Director for Education, the senior team and relevant officers
- meet with the Chief Executive Officer, chair of scrutiny and lead member for education
- meet with headteachers and leaders
- scrutinise documentation

We hope you and your education services team found this visit to be helpful. Below is a summary of our findings.

Area of focus 1: How well does the local authority identify pupils with additional needs early through collaboration, transition and multi-agency working
Strengths

- The local authority has a strong ethos of collaborative working. This contributes well to the work of the dedicated team of additional learning needs (ALN) officers that support schools and settings effectively. As a result, the needs of pupils with ALN are identified in a timely manner.

- The authority's processes for assessing, planning and monitoring helps to facilitate, timely identify and provide interventions for children and young people with ALN.
- Local authority ALN officers provide a wide range of advice, support and guidance to schools and settings. The service focus successfully on building capacity in schools and settings. The provision includes the beneficial and well-established multi agency 'Team Around the Pre-school' (TAPS) and 'Team Around the School' (TAS) model to support and advise schools on how to meet the needs of pupils including those with ALN. TAPS and TAS include staff from the ALN team, behaviour support and educational psychologists. The approach enables the timely identification and support for pupils with possible ALN. School leaders appreciate the purposeful advice and guidance provided by officers.
- Officers have facilitated valuable cluster meetings to support the work of additional learning needs coordinators (ALNCo). In addition, officers promote effective school to school working to support with all aspects of implementation of ALN reform.
- The authority shares effective ALN practice regularly across their own and other local authorities. For example, the Early Years Additional Learning Needs Lead Officer for Denbighshire and Conwy co-presented to health professionals from the Children's Development Centres on ALN.
- Officers have developed a useful Principles and Expectation Document which summarises the authority's expectation of the support arrangements in educational settings for children and young people with ALN.
- The authority's provision for Welsh medium ALN multi agency services is a strength. This supports multi agency working to meet the needs of all pupils with ALN well.
- Effective transition arrangements are in place to support the needs of pupils with ALN. The authority fosters close links and collaboration between educational establishments. This enhances transition arrangements into maintained and non-maintained settings, into primary and secondary schools, and transition for post-16 pathways. Further, the authority aims to ensure that additional learning provision is consistently in place on transition.
- The authority has a measured approach to the consideration of school based and local authority maintained individual development plans (IDP). As a result, ALNCoS and leaders in schools are clear on local authority processes and the distinction between a school or a local authority maintained IDP.

Consider

- strengthening the support for school ALN coordinators and leaders to make more effective and purposeful use of the LA digital platform.

Area of focus 2: How effective is the local authority in providing effective challenge and targeted support to improve pupil attendance

Strengths

- In line with Denbighshire's Corporate Plan, attendance is a priority and permeates through all service areas plans.

- Overall, processes and systems to monitor attendance are appropriate. Officers have a clear focus on improving attendance and in general, their approaches are having a suitable impact on raising attendance levels of pupils in the local authority.
- Officers have embedded local authority's values and vision within the Pupil Engagement Strategy which aims to improve attendance across all schools. The strategy aims to promote consistent approaches and effective collaboration between different partners to support leaders to plan and implement strategies to raise attendance in their schools.
- The Attendance Policy has been reviewed in line with Welsh Government guidelines and adopted by schools. This has been strengthened by including guidance to schools on the effective use of part-time timetables. The work of the family link and engagement officers supports well the development and implementation of these attendance approaches.
- The committed and dedicated Education Welfare team work effectively to support and guide school leaders and staff. They engage constructively with families to address and resolve barriers their child maybe facing in attending school.
- The multi-agency cross service approach is a strength of the local authority. This approach addresses the individual needs of pupils through tailored intervention support plans suitably.
- There is a purposeful Community Focus schools' approach within the local authority. This is beginning to meet the needs of the most vulnerable pupils, families and their communities.
- There are useful opportunities for leaders to share effective practice on a regular basis, for example in the weekly briefing with senior authority officers, cluster meetings and headteachers conferences. These interactions provide helpful guidance to schools on approaches to improve attendance.

Consider

- how effectively officers use a range of attendance information for groups of learners to identify trends and target resources and support across schools.
- how robustly officers hold school leaders to account in their use of pupils' attendance data.

Yours sincerely

Richard Thomas

Richard Thomas HMI
Estyn

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Report to	Governance and Audit Committee
Date of meeting	29 th January 2025
Lead Member / Officer	Gary Williams, Corporate Director: Governance and Business, RIPA Senior Responsible Officer.
Report author	Gary Williams, Corporate Director: Governance and Business, RIPA Senior Responsible Officer.
Title	RIPA Annual Report

1. What is the report about?

1.1 This is the annual report to the Governance and Audit Committee on the Council's use of its powers of surveillance under RIPA (Regulation of Investigatory Powers Act 2000)

2. What is the reason for making this report?

2.1 The Home Office Codes of Practice relating to the use of these powers recommend that local authorities should report on their surveillance powers on a regular basis.

3. What are the Recommendations?

3.1 That the Committee receives and acknowledges the report and provides any comments in respect of its contents and the attached policy document.

4. Report details

4.1. The Committee is familiar with the Annual Report on RIPA that is brought to Members where a summary of activity and governance arrangements around this area is provided to Members.

- 4.2. Under the provisions of RIPA a local authority may authorise the use of 'directed surveillance' in the exercise of some of its enforcement functions. 'Directed Surveillance' is surveillance which is covert, conducted as part of a specific investigation or operation related to preventing or detecting a crime, and which is likely to result in the obtaining of private information about a person or persons.
- 4.3. The level of RIPA activity, which relates only to 'covert' surveillance, rather than 'overt' surveillance, has reduced dramatically over the past ten years to the point now where little or no covert surveillance is taking place. The Council will utilise its RIPA powers only as a very last resort and this means where all other means of gathering the evidence has been considered and explored. In the event of a RIPA application being taken forward there are legal hurdles in which to overcome before the surveillance can take place which includes a detailed application form completed by the applicant, a face to face meeting with one of the Council's Authorising Officers (a member of CET) and then attendance for formal approval from the Magistrates Court. Irrespective of the process, one of the reasons for a reduction in this activity is that the Council has other transparent methods in place in a world where public bodies share more data than they may have done previously as a way of combatting fraud and crime.
- 4.4. Since the last Annual Report to the Committee there has been no covert surveillance activity conducted, and this is a trend that is the same throughout all local authorities.
- 4.5. The two main areas where the Council is more likely to require a RIPA authorisation is in respect of underage sales and fly tipping. However, the Council is required to consider other less intrusive means of preventing or combatting such activities such as signage or working transparently with publicans and off licences to ensure they are complying with their duties on alcohol sales.
- 4.6. The Investigatory Powers Commissioners' Office is the regulatory body responsible for oversight of investigatory powers by public authorities. The Council was last inspected by one of the Commissioner's Chief Inspectors, Graham Wright, in February and March 2021 and a copy of that Inspection

Report was presented to members of this Committee in June 2021 and available for members on the Council's Committee section of the website.

- 4.7. The Home Office Covert Surveillance and Property Interference Code of Practice requires the Senior Responsible Officer for RIPA to provide Elected Members with an annual report on whether the Council's RIPA policy is fit for purpose and to report the level of covert surveillance activity. The inspection in 2021 confirmed that the Inspector had reviewed the Council's RIPA Policy and advised it provided very accurate, complete and practical advice and guidance to practitioners. The policy was amended slightly at the time to accord with recommendations made by the Inspector and a copy is attached as Appendix 1. The policy will be reviewed later this calendar year to ensure it remains up to date.
- 4.8. Refresher training to Investigating Officers and Authorising Officers is an area that the Regulator is particularly keen on seeing implemented; this is best delivered in a face to face setting as there are practical scenarios which will be worked through and are better delivered in a face to face interactive session. A training event was last held in November 2022 for officers who need to be aware of the Council's Policy and Procedures and the human rights considerations in relation to privacy that the function requires. The Inspector in 2021 was sighted on the proposed slides and training materials and was satisfied that they were of the appropriate standard. Further refresher training will be provided later this calendar year

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

5.1 This area of practice supports cleaner and safer places to live and visit and the Council's environmental ambitions and priorities. Fraudulent activity, which can impact on Councils' revenue and budgets, may necessitate taking surveillance action.

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

6.1 The costs are met within existing resources, including the training events, as this is prepared and delivered in house in a bespoke manner.

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

7.1 A well-being impact assessment is not required for this report and decision.

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

8.1 There has not been any formal consultation in respect of this report.

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 A Council that has a robust policy and supporting governance framework around the policy is less likely to fall foul of RIPA and the right to respect for one's private and family life. Evidence gathered in a compliant manner can be used in court proceedings and may not be relied upon if not obtained lawfully. It is therefore essential that council staff follow advice and policy in this area.

11. Power to make the decision

11.1 Regulation of Investigatory Powers Act 2000 and related Codes of Practice.



DENBIGHSHIRE COUNTY COUNCIL

Corporate Policy & Procedures **For Denbighshire County Council Employees on** **the Regulation of Investigatory Powers Act 2000**

THE REGULATION OF INVESTIGATORY POWERS ACT 2000

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FOREWORD

This Corporate Policy and Procedures has been produced for the use of Denbighshire County Council Employees and any relevant contractors employed by the Council. All relevant Council contracts will include a term that this policy is to be observed by any Contractor acting on behalf of the Council. Its provisions must be followed, where they apply, by all Officers. In addition, all employees must use only the Authorising Forms that are available on the Home Office website for authorisation purposes.

This policy has been developed in consultation with representatives from across the departments performing surveillance. This policy replaces any previous policy and procedures. A copy of this policy together with the Home Office Codes of Practice and the Investigatory Powers Tribunal leaflets will be made available for public inspection at Council offices. The policy is also available on the Council's website.

In addition a copy of this document will be readily available to all employees, and a copy may be found on the Denbighshire Information Centre. This Policy has been produced in English and Welsh, and any comments or observations on its contents may be made to the Head of Legal and Democratic Services /Monitoring Officer who also acts as the Council's Senior Responsible Officer in respect of RIPA.

If you are unclear as regards any aspect of this document, you should contact the Head of Legal, HR and Democratic Services.

Any minor amendments to this policy will require the approval of the RIPA Working Group. Any substantial amendments to policy will require additional approval of the Council's Corporate Governance Committee and Cabinet.

January 2021

CHAPTER 1: INTRODUCTION

1.1 The Human Rights Act 1998 became part of UK law on the 2nd October 2000, making it unlawful for a "public authority" (which includes a Local Authority) to breach any Article of the European Convention on Human Rights. The Act also made provision for any person who has suffered as a result of a breach of the European Convention on Human Rights to seek redress within the UK domestic courts, without having to pursue a claim via the lengthy and costly process of the European Court of Human Rights in Strasbourg.

Article 8 of the Convention on Human Rights has a significant impact upon Local Authorities and the ways in which they operate. The Article states that:

"everyone has the right to respect for his private and family life, his home and his correspondence"

Essentially, the "public authority" must not in any way interfere with the exercise of this right except as in accordance with the law and is necessary in a democratic society in the interests of any of the following:-

- National Security
- Public Safety
- The Economic well-being of the Country
- The Prevention of Crime and Disorder
- The Protection of Health or Morals
- Protection of the Rights and Freedoms of Others

In addition, any interference with the Article 8 rights should be a proportionate interference in the circumstances.

Since the 5th January 2004 the only ground on which a local authority can now authorise Directed Surveillance is for the purpose of preventing or detecting crime or of preventing disorder. Subsequent changes in legislation now also stipulate that the 'serious crime' test needs to be met; see section 2.7 of this policy.

1.2 Whenever a person undertakes covert surveillance on behalf of a Local Authority, they are placing themselves at risk of breaching Article 8 of the European Convention on Human Rights, unless that surveillance can be justified on the basis that it is conducted in accordance with the law, is necessary for the purpose listed above (ie the prevention or detection of crime or disorder), and is a proportionate action to take.

1.3 The Regulation of Investigatory Powers Act 2000 (RIPA) was passed by Parliament and came into force on the 25th September 2000. This Act regulates covert surveillance and investigations by a number of bodies - including Local Authorities. One of the main purposes of the Act is to ensure that the human rights of any person who is the subject of covert surveillance is protected. However the Act also ensures that law enforcement officers and agencies have the powers they need to do their job properly and to carry out surveillance effectively.

1.4 The purpose of this document is to explain the impact of RIPA upon Denbighshire County Council's procedures in respect of surveillance activity and to provide employees with an understanding of the circumstances where the Act's provisions might apply. This document provides officers with guidance in respect of the procedures that should be followed when covert surveillance is undertaken. This policy should be read in conjunction with the latest Codes of Practice issued by the Home Office and Officers should have regard to the Codes when considering the exercise of their surveillance powers under RIPA 2000. The Codes which are relevant to a Local Authority are:

- Covert Surveillance and Property Interference Revised Code of Practice 2018
- Covert Human Intelligence Sources Code of Practice 2018

Copies of these codes of practice can be obtained from any Authorising Officer listed in chapter 3, from the Councils Legal department or directly from the Home Office website at www.homeoffice.gov.uk

The Council should also have regard to the following revised Procedures:

- Information Commissioner's Code In the Picture – A Data Protection Code of Practice for Surveillance Cameras and Personal Information.
- Home Office Surveillance Camera Code of Practice.

1.5 It is important to note that if any covert surveillance work is conducted by the Council and it falls within the provisions of RIPA then the authorisation procedures described in Chapter 3 must be followed before the surveillance occurs. Failure to do so may result in disciplinary proceedings. Obtaining proper authorisation for surveillance will assist in protecting the Council and its officers against complaints of interference with an individual's human rights, and will also protect the admissibility of any evidence gained from such surveillance in a Court of Law.

1.6 Access to Communications Data

In addition, the Council has powers to gain access to communications data. This is information held by telecommunication or postal service providers about the use of their services by persons who are the subject of a criminal investigation. In exercising these powers Officers must have full regard to the Codes of Practice issued by the Home Office:

Code of Practice for the acquisition and disclosure of communications data (March 2015) and Code of Practice for retention of communications data (March 2015) available on www.homeoffice.gov.uk or from the Councils' nominated Single Point of Contract (SPOC).

As for Covert Surveillance, access to communications data must be authorised by a Designated Authorising Officer and obtained via the Councils' SPOC. Specific guidance on these procedures is contained in Chapter 5.

1.7 Encryption

Part 3 of RIPA 2000 came into force in October 2007 to provide a statutory framework allowing all public authorities to require electronic information which they have obtained lawfully or are likely to be obtained lawfully to be put into an 'intelligible form', to acquire the means to gain access to protected information and put that information into 'intelligible form'. For example, where the Council seize a laptop, which may contain protected information that could assist in a prosecution. This is achieved through the assistance of 'NTAC' (National Technical Assistance Centre), who must be approached at the earliest opportunity if the Council are considering the use of these powers. In practice a case is put forward to NTAC, who will provide feasibility and costings of the exercise. NTAC will support the Council in the process to ensure the exercise of these Part 3 powers are undertaken appropriately.

The Investigation of Protected Electronic Information Revised Code of Practice (August 2018) refers to NTAC as the 'guardian and gatekeeper' of the use of Part 3 and any Officer considering the use of these powers should refer to the Home Office Code of Practice available on the Home Office website – www.homeoffice.gov.uk

Specific guidance on these procedures is contained in Chapter 5.

CHAPTER 2: DEFINITIONS OF THE MAIN SURVEILLANCE TECHNIQUES REGULATED BY RIPA

2.1 Surveillance

The Act defines “surveillance” as monitoring, observing or listening to persons, watching or following their movements, listening to their conversations or their other activities or communications. It can also encompass recording anything that is monitored, observed or listened to during the course of surveillance. Surveillance may, or may not, be conducted with the assistance of a device.

For example, the installation of CCTV cameras in order to generally observe activity in a particular area will not be “surveillance” unless the CCTV camera is being used to target a specific person, persons or operation. In cases of uncertainty, officers should seek advice from their department’s Authorising Officers who will in turn consult with the Head of Legal and Democratic Services should they require further clarification or guidance.

2.2 Covert Surveillance

Surveillance will be “covert” if it is carried out in a manner calculated to ensure that the person(s) subject to the surveillance are unaware that it is or may be taking place. If surveillance is open and not hidden for the subjects of the surveillance, the surveillance will not generally be covert. Please note that RIPA applies only to covert surveillance so it is vital to consider initially whether or not you are conducting covert surveillance.

2.3 Intrusive Surveillance

This is a form of covert surveillance that is regulated by RIPA.

Intrusive surveillance is defined in the Act as covert surveillance (see 2.2 above) that is carried out in relation to anything taking place on any residential premises or in any private vehicle, and it involves the presence of an individual in the premises or in the vehicle or is carried out by means of a surveillance device.

It is imperative to note that Local Authorities are not empowered by RIPA to carry out intrusive surveillance. If a Local Authority does carry out this type of surveillance, it will be acting beyond the scope of its powers. If you think that your proposed surveillance activity could fall within the definition of “intrusive surveillance” you must not proceed with the surveillance. If you need help in determining whether or not you could be conducting intrusive surveillance seek advice from the Head of Legal and Democratic Services.

2.4 Directed Surveillance

This is a crucial method of surveillance which affects Local Authorities. This is surveillance that is covert, but is not intrusive and is undertaken for the purposes of a specific investigation or operation. The surveillance is undertaken in such a manner that it is likely to result in obtaining “private information” about a person or persons. Directed surveillance involves the observation of a person or persons with the intention of gathering private information about them to produce a detailed picture of their life, activities and/or,

associates. It will not include entry upon or interference with property, but may include the use of photographic and video equipment (including CCTV).

Before conducting directed surveillance, you need to consider the meaning of “private information”. Private information will include any information relating to a person’s private or family life, and is therefore a very wide definition. The 2000 Act states that private information includes any information relating to a person’s private or family life. *Private information should be taken generally to include any aspect of a person’s private or personal relationship with others, including family and professional or business relationships.*

Whilst a person may have a reduced expectation of privacy when in a public place, covert surveillance of that person’s activities in public may still result in the obtaining of private information. This is likely to be the case where that person has a reasonable expectation of privacy even though acting in public and where a record is being made by a public authority of that person’s activities for future consideration or analysis. Surveillance of publicly accessible areas of the internet should be treated in a similar way, recognising that there may be an expectation of privacy over information which is on the internet, particularly when accessing information on social media or forum type websites.

Private life considerations are particularly likely to arise if several records are to be analysed together in order to establish, for example, a pattern of behaviour, or one or more pieces of information (whether or not available in the public domain) are covertly (or in some cases overtly) obtained for the purposes of making a permanent record about a person or for subsequent data processing to generate further information. In such circumstances, the totality of information gleaned may constitute private information even if individual records do not. Where such conduct includes surveillance, a directed surveillance authorisation may be considered appropriate.

Private information may include personal data, such as names, telephone numbers and address details. Where such information is acquired by means of covert surveillance of a person having a reasonable expectation of privacy, a directed surveillance authorisation is appropriate.

The Covert Surveillance and Property Interference Revised Code of Practice (August 2018) gives practical examples of what is private information and officers may wish to consult pages 15 to 17 of that document which is available on the Home Office RIPA pages of their website.

Use of Social Networking Sites (SNS)

Use of the internet and SNS can provide useful information as part of an Investigation however it is important that these are used lawfully.

It is not possible to provide a definitive list of SNS; but it does include sites such as Facebook, Twitter, LinkedIn, Instagram, YouTube and blogs. It is possible to obtain private information when accessing websites used to advertise goods and services. You must therefore be mindful to the fact that the use of the internet and SNS may potentially mount to directed surveillance and require authorisation.

If you decide it is necessary to access an individual’s social networking profile / page in order to take an initial view as to whether there is any substance to an allegation or a matter being investigated; this initial viewing must be reasonable and proportionate. For

example, it would not be reasonable or proportionate to spend a substantial amount of time searching through the pages of an online profile or to extract and record any material, in the event it may prove useful for your investigation.

Individuals have a reasonable expectation of privacy. Repeated viewing of an individual's online presence or where material is systematically extracted and recorded is likely to require authorisation for directed surveillance irrespective of whether privacy settings are available and applied.

The examples below are taken from paragraph 3.15 of the Covert Surveillance and Property Interference Revised Code of Practice 2018;

Example 1: A police officer undertakes a simple internet search on a name, address or telephone number to find out whether a subject of interest has an online presence. This is unlikely to need an authorisation. However, if having found an individual's social media profile or identity, it is decided to monitor it or extract information from it for retention in a record because it is relevant to an investigation or operation, authorisation should then be considered.

Example 2: A customs officer makes an initial examination of an individual's online profile to establish whether they are of relevance to an investigation. This is unlikely to need an authorisation. However, if during that visit it is intended to extract and record information to establish a profile including information such as identity, pattern of life, habits, intentions or associations, it may be advisable to have in place an authorisation even for that single visit. (As set out in the following paragraph, the purpose of the visit may be relevant as to whether an authorisation should be sought.)

Example 3: A public authority undertakes general monitoring of the internet in circumstances where it is not part of a specific, ongoing investigation or operation to identify themes, trends, possible indicators of criminality or other factors that may influence operational strategies or deployments. This activity does not require RIPA authorisation. However, when this activity leads to the discovery of previously unknown subjects of interest, once it is decided to monitor those individuals as part of an ongoing operation or investigation, authorisation should be considered.

Officers should consult paragraphs 3.10 – 3.17 of the revised Code of Practice for Covert Surveillance and Property Interference 2018, for further advice should consult the RIPA Senior Responsible Officer.

Surveillance is directed surveillance if the following are all true:

- It is covert, but not intrusive surveillance
- It is conducted for the purposes of a specific investigation or operation
- It is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation)
- Its is conducted otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under Part II of the 2000 Act to be sought.
- Thus the **planned** covert surveillance of a specific person, where not intrusive, would constitute directed surveillance if such surveillance is likely to result in the obtaining of private information about that, or any other person.

Please note that directed surveillance would not cover an immediate response to events (eg: detecting something suspicious by chance and continuing to watch). Though in these circumstances applicants must have regard to paragraph 4.17 and the urgency procedures if you *continue* to watch when you ought to have obtained an urgent oral authorisation.

All reasonable alternative methods to resolve a situation such as interview, changing methods of working or levels of security if appropriate for example, should be attempted first.

Where the subject of the covert surveillance is an employee of the Council, subject to the investigation of a criminal matter, the Head of Legal, HR and Democratic Services must be informed.

2.5 Covert Human Intelligence Sources

Covert Human Intelligent Sources (CHIS) is another crucial definition within RIPA which could affect a Local Authority's activities. A person will be a CHIS if he or she establishes or maintains a personal or other relationship with a person for the covert purpose of:

- Obtaining information relating to another person or
- Accessing information about another person, or
- Disclosing information obtained by the use of or as a consequence of such a relationship.

A purpose will be "covert" in this respect if the relationship is conducted in such a manner so that one of the parties to the relationship is unaware of the purpose behind that relationship.

An example of this type of surveillance might occur where a professional obtains information about a person without that person understanding the real reason why that information is being collected and without knowing that a professional is seeking to obtain the information in question. This will encompass the use of professional witnesses to obtain information and evidence.

a) Test Purchases

These do not usually require the use of a CHIS because carrying out a test purchase will not usually require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information. Be aware however, that developing a relationship with a person in a shop to collect information about the seller's suppliers of an illegal product, would involve the use of CHIS.

b) Anti-Social behaviour activities

Persons who complain about anti-social behaviour and are asked to keep a noise log will not normally be a CHIS because they aren't required to establish or maintain a relationship for a covert purpose. (Where the however the complaint is requested to record personal information in the form of a detailed diary, on those carrying out the anti social behaviour, there is the possibility that such persons could be regarded as carrying out directed surveillance, acting as our agents, for which an authorisation

may be required depending on the circumstances. If in doubt, seek advice from the Head of Legal and Democratic Services)

2.6 Persons used as a CHIS

The Council can use a CHIS if RIPA authorisation procedures as detailed in Chapter 3 are followed. However, Officers should always consider whether or not the person to be employed as a CHIS is a suitable person, taking the following into account:-

a) Juvenile Sources

Special safeguards apply to the use of persons under 18 years of age. Only the Chief Executive (or a Corporate Director in the Chief Executive's absence) can authorise the use of a juvenile source. A child under 16 years of age must never be used to give information about his/her parent.

b) Vulnerable Individuals

These are persons who are or may be in need of community care because of age, illness or other disability. Use of such sources should be avoided and in any event, may only be authorised by the Chief Executive (or Corporate Director in the Chief Executive's absence)

It is **not** the Council's normal procedure to recruit a CHIS though it is recognised that some rare circumstances may give rise to this necessity. In these circumstances, Authorising Officers should consider obtaining advice from the Head of Legal, HR and Democratic Services prior to authorisation.

2.7 What you need to do before you undertake any surveillance.....

Before any Council officer undertakes surveillance of any individual or individuals they must first assess whether the activity falls within RIPA.

The following questions may help you decide.....

(a) Is the surveillance "covert?"

If the investigation and activities are open and are not hidden from the subjects of the investigation then the surveillance will probably not be covert, and the RIPA provisions will not apply. You do not need to obtain authorisation as outlined in Chapter 3 of this Corporate Policy and Procedures if the proposed surveillance is not covert. (See section 2.2 to help you decide this).

(b) Is the surveillance conducted for the purposes of a specific investigation or operation?

Consider CCTV cameras that are regularly visible to anybody walking around a Council office as an example. The cameras will be used to monitor what is generally happening in that Council office and will not be used for the purposes of a specific investigation or operation unless those cameras are used to target a known particular individual and are used to monitor his particular activities.

(c) Will the surveillance reveal private information?

If the surveillance is likely to result in obtaining “private information” (see section 2.4), about a person, RIPA may apply and you will need formal authorisation to carry out that surveillance.

(d) Does the criminal offence that is being investigated punishable, whether on summary (magistrates) or indictment (Crown Court) by a maximum term or **at least 6 months imprisonment, or would constitute an offence under sections 146, 147 or 147A of the Licensing Act 2003 or s.7 of the Children and Young Persons Act 1933 (sale of tobacco and alcohol to underage children)?** If the criminal offence does not meet this criteria, known as the ‘Serious Crime Test”, then the Council does **not** have the powers to conduct the covert surveillance. Please speak to a legal officer if you have any doubts.

If you have answered “yes” to Questions (a) to (d), you will probably be carrying out RIPA regulated surveillance and should therefore seek authorisation as outlined in Chapter 3. If you are unsure as to whether their surveillance will be covert or covered by the Act, you must seek advice from the Head of Legal, HR and Democratic Services before any surveillance is carried out. If in doubt, follow the authorisation procedure outlined in Chapter 3 of this Corporate Policy and Procedures.

CHAPTER 3: PROCEDURES FOR AUTHORISING COVERT SURVEILLANCE

- 3.1** If, having considered the matters outlined in Chapter 2, you decide that will be conducting surveillance activities covered by RIPA, you must seek authorisation in accordance with the procedures outlined in this chapter. Deciding when authorisation is required involves making a judgement based upon the particular circumstances of each case. If you are in doubt, it is always safer to get authorisation. Alternatively, seek advice as soon as possible from the Head of Legal, HR and Democratic Services.

The Protection of Freedoms Act 2012 now provides that a local authority who wishes to use directed surveillance, acquire communications data or the use of a CHIS under RIPA will need (in addition to an Officer granting authorisation as set out below) to then obtain an order approving the grant or it's renewal, from the Magistrates Court. (a Justice of the Peace, namely a single Stipendiary Magistrate or a Lay Magistrate) before the authorisation can take effect. The standard template for making this application is set out in Appendix 3. The local authority shall following approval by the Authorising Officer, contact the administration team at the Magistrates Court by telephone to arrange a hearing, which shall be in private. A copy of the original RIPA application form duly signed by the AO must be attached. There is further detailed guidance in the Home Office guidance to local authorities in England and Wales on the judicial approval process for RIPA and the crime threshold for directed surveillance (October 2012) available on the Home Office RIPA pages.

Following the changes in 2012 which requires the Council to involve the Magistrates', the effective time is that at which the authorisation is approved by the Magistrate and not the time authorisation is given by the authorising officer.

The decision on who shall appear before the Magistrates is one for the Local Authority; the Home Office guidance expects that it is appropriate for the Investigating Officer to attend as opposed to a Solicitor given they will know most about the matter under investigation, and to keep legal costs down. In respect of applications for Communications Data, the SPOC may attend, subject to any arrangements that are in place with the National Anti Fraud Network (NAFN).

All covert operations should involve a consideration of the health and safety implications involved and an assessment of risk to be undertaken eg such as the need for Investigating Officers to attend in pairs in some circumstances or any necessary precautions which should be in place before embarking on a covert operation. Additionally, the issue of the Council's insurance position may need to be ascertained in advance of the operation.

- 3.2** The following officers may act as authoring officers for the purposes of RIPA.

Chief Executive only in respect of juveniles/confidential information (or in his/her absence the person acting as the Head of Paid Service)

Corporate Director: Economy and Public Realm

Corporate Director: Communities

s.151 Officer

Monitoring Officer/Senior Responsible Officer only where another Authorising Officer is unavailable to grant an authorisation.

The list may be amended at any time by the Chief Executive and in accordance with The RIPA (Directed Surveillance and CHIS) Order 2010 SI 2010/521. An Investigating Officer should in the first instance attempt to seek authorisation from the Authorising Officer for their department. However if this is impracticable, an authorisation may be sought from any Authorising Officer listed above.

- 3.3. Authorising Officers should not be responsible for authorising their own activities; however it is recognised that this may sometimes be unavoidable where it is necessary to act urgently. Such instances should however be kept to a minimum. In these circumstances this particular authorisation must be drawn to the attention of the IPCO Inspector and the Central Record will reflect this activity for ease of reference.
- 3.4 Only the forms found on the Home Office website (RIPA page) can be used for authorisation under this policy. Authorising Officers may authorise covert surveillance only where it is considered necessary in accordance with the relevant purpose of preventing or detecting crime or of preventing disorder and where the extent and nature of the surveillance is proportionate to the aim sought. Authorising Officers will need to be satisfied that any intrusion into an individual's private life can be justified and that the intrusion is essential to the success of an investigation. If the investigation can be furthered without having to resort to covert surveillance techniques, then the use of RIPA should be avoided. It is helpful for applicants to explain what overt measures have been tried or ruled out, before resorting to covert techniques. Authorising Officers should refuse a premature application in these circumstances. In order to ensure that Authorising Officers have enough information to make sensible and informed decisions, officers applying for authorisation should submit a detailed application form to the Authorising Officer..
- 3.5 Where surveillance is deemed to be necessary, it must be authorised in accordance with the provisions of this Chapter before it is carried out. Proper authorisation should render the Council in a stronger position if challenged on the grounds that it is breached human rights legislation. If authorised and conducted accordingly, the activity is lawful for all purposes (paragraph 27 RIPA)
- 3.6 Authorising Directed Surveillance

An Authorising Officer will not grant authorisation to an officer to conduct directed surveillance unless he or she *believes* that the authorisation is **necessary** on the relevant ground and also that the surveillance is **proportionate** to the aim sought. Authorising Officers need to have in mind that directed surveillance is an interference with a persons Article 8 rights and that this is only justifiable if it is necessary and proportionate for these activities to take place. If not satisfied, the Authorising Officer must refuse authorisation.

An Authorising Officer must not add to the parts of an application which is completed by the investigating officer or applicant, the content of which must be exclusive to the applicant. The applicant must not in any circumstances complete the parts of the application which is exclusively the Authorising Officer. The applicant's role in the application stops at that part of the form. If further matters are however discussed with the applicant, the Authorising Officer, as a matter of good practice, should mention these discussions in his authorising statement.

The Home Office Code of Practice specifically refers to the following in respect of 'necessity' and 'proportionality':

"If the activities are deemed necessary on one or more of the statutory grounds, the person granting the authorisation or issuing the warrant must also believe that they are proportionate to what is sought to be achieved in carrying them out. This involved balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigative and operational terms.

The authorisation or warrant will not be proportionate if it is excessive in the overall circumstances of the case. Each action authorised should bring an expected benefit to the investigation or operation and should not be disproportionate or arbitrary. The fact that a suspected offence may be serious will not alone render the proposed actions proportionate. Similarly, an offence may be so minor that any deployment of covert techniques would be disproportionate. No activity should be considered proportionate if the information which is sought could reasonably be obtained by other less intrusive means."

The Authorising Officer will therefore carry out a balancing exercise and this needs to be demonstrated on paper, even though the Authorising Officer may well have conducted this exercise in his or her mind. They also may state which matters they personally consider attract greater weight.

The Authorising Officer should take into account the risk that the operation presents to collateral intrusion (intruding upon the privacy of persons who aren't the subject of the investigation). This could affect whether or not an operation is proportionate. The applicant, if collateral intrusion has been identified, must show why the intrusion is in fact justified.

In no circumstances will any covert operation be given backdated authorisation after commencement. Embarking on covert surveillance without authorisation or conducting covert surveillance outside the scope of the authorisation will not provide the protective umbrella of RIPA and may result in disciplinary action being taken against the Officers involved.

The Authorising Officer must set a review date for reconsidering the authorisation, ensure that all forms are completed satisfactorily and that the requirements in 3.8 are complied with. All forms must be submitted to the Head of Legal and Democratic Services department within 3 working days of the authorisation. It is the responsibility of the Authorising Officer, to send the authorisation form, and to consider the most appropriate method of delivery. For high risk operations, where the safety of an individual is concerned, hand delivery may be the only safe and sensible method.

Finally, the **Authorising Officer must allocate a Unique Reference Number** to the application as follows:-

Year/Department/Number of Application - The URN is available from the Head of Legal, HR and Democratic Services' department.

3.7 Equipment

Surveillance equipment will only be installed with the necessary authorisation of the Authorising Officer. The type of equipment used must be documented on the application and also on the Authorising Officer's statement. Those investigating the matter need to be clear what equipment they have authorisation to utilise.

Any surveillance equipment located in occupied residential premises must only be as a result of the express written permission of the tenant or owner occupier.

An inventory of the Council's surveillance equipment is kept by the Authorising Officers of the respective departments. Any purchasing of further surveillance equipment, the respective Authorising Officers must be informed in order for the inventory to be kept up to date.

Any use of this equipment must be documented in the inventory which should make reference to the URN only for security and confidentiality purposes.

Additionally, any surveillance equipment must be kept securely in Council premises.

3.8 Evidence

Any information or recorded evidence will be stored securely and disclosure/access to this evidence will be to those Officers to whom disclosure is necessary such as those Authorising Officers, Investigating Officers and Legal Officers involved in the process or prosecution. Any requests for disclosure to third party agencies will be dealt with via the Authorising Officers, who may seek the advice of the Head of Legal, HR and Democratic Services' department if necessary. Generally disclosure will only be permitted to other law enforcement agencies such as the DWP or the police, to the Subject's legal advisors or to the Subject themselves. Consideration will always be given to the redaction of any third party information, whether written, visual or audio, and also on any possible prejudice to any criminal proceedings, of the Council or another law enforcement agency.

The Data Protection Act 2018 requires the Council to ensure the personal data is stored securely and is not kept for longer than is necessary. See also Chapter 9 of the Covert Surveillance and Property Interference Code of Practice August 2018. Ultimately, it is the Authorising Officer, who owns the product that is obtained, and therefore is responsible for the security of the information.

Tapes and storage

Planning and Public Protection :

Handling Recorded Evidence Obtained by Means of Surveillance

The original recording will be copied, then sealed in an evidence bag and numbered. This will be the 'Master Copy' and handed to the Assistant Head of Service or the Section Manager who will store the 'Master Copy' securely.

The copy disc/tape will become the 'Working Copy' and should this become lost or damaged then application will be made to the Magistrates' Clerk for permission to duplicate the 'Master Copy'. Resealing of the Master Copy will be carried out in front of the Magistrates Clerk.

An entry should be made in the Office Evidence Book for the Master Copy which should include details of the date when handed to the senior officer, together with the identity number on the evidence bag.

The Master Copy should only be removed from storage for production as evidence in court proceedings or as described above.

Where evidence is revealed of an offence and the Authority decide to institute proceedings the following time limits for retention of the recording will apply:

Upon conviction - the recording will be retained for the duration of the case and for two years thereafter.

If no conviction then the recording will be destroyed within 28 days.

Where the Authority decide to offer a formal caution in accordance with Home Office Guidelines, the recording will be retained for two years from the date of the acceptance of the formal caution.

Where it is decided that no formal action will be instituted the recording will be destroyed forthwith, likewise after the expiry of the RIPA where no offence is shown the recording will be destroyed.

Destruction of the recording will be by breaking the disc or cutting it into pieces and an entry made in the Office Evidence Book of the date of destruction and the name of the officer who carried out the destruction.

3.9 Authorising Covert Human Intelligent Sources (CHIS)

When an Authorising Officer is considering authorising the use of a CHIS, he or she must consider the grounds referred to in respect of directed surveillance (3.6 above) and also ensure that arrangements are in place to deal with the following matters:-

- That there is an employee of the Council with day to day responsibility for dealing with the source and for the source's security and welfare (the handler) There must also be a senior officer who has general oversight of the use made of the source, who will in particular have regard for the CHIS safety (the Controller). A full risk assessment must take place, which will be reviewed throughout the recruitment of the CHIS.
- That there is an officer responsible for maintaining a record of the use made of the source
- Consider any adverse impact on Community confidence that may result from the use, conduct or information sought.
- That records disclosing the identity of the source will not be made available to others except strictly on a need to know basis.

Additionally, The RIPA (Source Records) Regulations 2000 (SI 2000/2725) provides for mandatory record keeping in respect of a CHIS :

- The identity of the source
- The identity, where known, used by the source

- Any relevant investigating authority other than the authority maintaining the records
- The means by which the source is referred to within each relevant investigating authority
- Any other significant information connected with the security and welfare of the source
- Any confirmation made by a person granting or renewing an authorisation for the conduct or use of a source that relevant information has been considered and that any identified risks to the security and welfare of the source have where appropriate been properly explained to and understood by the source
- The date when, and the circumstances in which, the source was recruited,
- The identifies of the persons who will act as handler, controller and person responsible for maintaining records of the use of the source
- The periods during which those persons have discharged those responsibilities
- The tasks given to the source and the demands made of him in relation to his activities as a source
- All contacts or communications between the source and the Council's handler
- The information obtained by the Council by the conduct or use of the source
- Any dissemination by that authority of information obtained in that way
- Any payment benefit or reward made or provided to the source (other than where the source is a council employee acting as an undercover operative).

The Home Office 'Covert Human Intelligence Sources' Code of Practice August 2018 in respect of CHIS provides for the additional records to be kept for the use of CHIS, and Officers are strongly recommended that this Code is referred to when considering the use of a CHIS and throughout the process.

In respect of CHIS whom are juveniles or the mentally impaired, this can only be authorised by the Chief Executive or in their absence a Corporate Director.

3.10 Making sure your authorisations are correct.

As good practice, you should always ensure that each separate authorisation complies with the following points:-

- (a) record all applications and approvals for authorisations in writing in the format of the forms available on the Home Office website.
- (b) approach each authorisation on an individual basis - apply your mind to the circumstances of the individual case. In respect of Directed Surveillance make full use of the Checklist (at Appendix 1) as you go through the form, if necessary. As a rule of thumb completion of the application form by an Investigating Officer should take at least one hour, given the detail that is required in most cases.
- (c) complete one form for each type of authorisation. Distinguish clearly between directed surveillance and covert human intelligent sources and consider whether any collateral intrusion or interference with a privacy of persons other than the subject of a surveillance is likely to arise. You need to describe in the application forms how collateral intrusion is justified in each particular case.
- (d) include an assessment of the risk of any collateral intrusion or interference. The Authorising Officer must take this into account particularly when considering whether the surveillance is proportionate to the ends hoped for.

- (e) those carrying out surveillance must inform the Authorising Officer if the operation or investigation unexpectedly interferes with the privacy of other individuals who are not the original subjects of the investigation or are not covered by the authorisation. No retrospective application can be made and Investigating Officers should consider the need for a fresh application.
- (f) Review authorisations regularly, and diarise dates for expiry and renewals!!! (See chapter 4).

3.11 Confidential Information

Particular care should be taken when any act of surveillance is likely to result in obtaining confidential information. RIPA does not provide for any special protection for confidential material but such information will cover matters subject to legal professional privilege, confidential personal information or confidential journalistic information. Confidential personal information is information that is held in confidence relating to the physical, mental or spiritual counselling concerning an individual (whether living or dead) who can be identified from it.

Please bear in mind that such information is particularly sensitive and that it will be subject to additional safeguards.

Any application for authorisation likely to result in the acquisition of confidential material should include an assessment of how likely it is that confidential material will be acquired. Special care should be taken when the target of the investigation is likely to be involved in handling confidential information. Such applications should only be considered in very exceptional and compelling circumstances with full consideration given to the proportionality issues that it raises. Officers should always seek advice from the Head of Legal, HR and Democratic Services in these instances.

Please note that it is only the Chief Executive (or in his absence, the Acting Head of Paid Service) who is able to act as an Authorising Officer where an operation is likely to result in obtaining confidential information.

3.12 Central Register of Covert Surveillance.

The Head of Legal, HR and Democratic Services will maintain the central register of all requests and authorisations including any request that has been denied by an Authorising Officer. The records in this Central Register will be kept for three years from the date of the authorisation in accordance with the Home Office Code. This record will be made available to the relevant Commissioner or Inspector on request. The central record will also contain, in accordance with the Code of Practice, a copy of the complete application and authorisation. Any subsequent renewal, review or cancellation must also be submitted.

The Head of Legal, HR and Democratic Services must be informed by email in advance that a RIPA form is to be dispatched to the Central Record. All RIPA forms must be sent to the Head of Legal, HR and Democratic Services department within 3 working days of authorisation being granted. The receipt of the RIPA form must be acknowledged by the Head of Legal, HR and Democratic Services department by email. The Central record will be updated upon receipt from the information contained on the form.

The sender must consider the most secure method of delivery of the RIPA form in line

with the type of surveillance and risk. Eg a major joint covert surveillance operation with another enforcement agency, where hand delivery of the form would be appropriate. The documents must be secure and marked private and confidential.

In respect of joint operations with other agencies, one party will lead on obtaining the authorisation, but all the parties will need to see the detail of the authorisation. (R v Sutherland). Those carrying out the investigation, need to be aware of the limits of an authorisation.

3.13 Internal Oversight Arrangements.

The Head of Legal, HR and Democratic Services will be responsible for the monitoring of the authorisations, renewals, reviews and cancellations. Monitoring will take the form of a random selection of forms quarterly, using the Quality Assurance Checklist as a basis. In addition, the Head of Legal, HR and Democratic Services will consider the lawfulness of the authorisation, in particular the necessity and proportionality issues upon receipt of each form, whilst the information required for the central record is inputted.

The outcome of the monitoring will be reported mid year in a short report with the Head of Legal, HR and Democratic Services producing a more detailed Annual Review Report. The Annual Review Report will be reported to the Council's Corporate Governance Committee by the Monitoring Officer/RIPA Senior Responsible Officer.

CHAPTER 4: DURATION, REVIEW AND CANCELLATION OF AUTHORISATIONS

- 4.1** Authorising directed surveillance or the use of a CHIS is not a decision that should be taken lightly - it is after all, surveillance that interferes with people's privacy. On that basis, a regular review of authorisations must be carried out in order to assess the need for such surveillance to continue. The results of reviews should be kept and recorded safely.
- 4.2** Please note that there are time limits upon the length of any authorisations granted under RIPA. The length of authorisation will depend on the type of surveillance activity involved:
- (a) Directed Surveillance - in all cases 3 months from the date the authorisation should be given, or the date of the latest renewal . **Please not that since the changes introduced in 2012 and the involvement of the Magistrates', the effective time is that at which the authorisation is approved by the Magistrates and not the time authorisation is given by the authorising officer.** Directed Surveillance authorisations do not expire. Under s.45 there is a requirement on the person granting or renewing an authorisation to cancel if he is satisfied that the relevant requirements are no longer satisfied. Even where you believe the authorisation is needed for the full statutory 3 months, the authorisation still needs to be cancelled, it will not expire at the end of the 3 months. On this point the Surveillance Commissioners are very clear. Therefore grant each application for 3 months, then set a review date to cancel or renew during this 3 month time limit. If the evidence is obtained prior to the renew date and no further directed surveillance is necessary, the authorisation must be cancelled.
- (b) CHIS - 12 months from the date the authorisation was given, or the date of the renewal. Urgent oral authorisations last initially for 72 hours. In the case of a vulnerable individual eg a juvenile the duration will be for a maximum duration of four months from the time of grant or renewal and the authorisation should be subject to at least monthly reviews.
- 4.3** All authorisations must be cancelled either when they are no longer necessary or proportionate.

CHAPTER 5 ACCESS TO COMMUNICATIONS DATA and THE INVESTIGATION OF PROTECTED ELECTRONIC INFORMATION .

5.1 Access to Communications Data

Local Authorities can acquire limited information in respect of subscriber details and service data. It does NOT allow Local Authorities to intercept, record or otherwise monitor communications data. **The sole grounds to permit access to communications data, for a Local Authority, is for the purposes of either "preventing or detecting crime, or of preventing disorder".**

Communications data' embraces the 'who', 'when' and 'where' of a communication but not the content - not what was said or written. It includes the manner in which, and by what method, a person or machine communicates with another person or machine. It excludes what they say or what data they pass on within a communication, including text, audio and video

A strict necessity test must be applied before any consideration is given to requesting communications data. **Any application must be legal, necessary** (a last resort) **& proportionate**. 'Proportionate' includes 'collateral intrusion', as the data provided may invade a third parties' privacy and should, so far as is possible, be minimised.

The overall responsibility for obtaining communication data rests with the Senior Responsible Officer (SRO), who is the Head of Legal, HR and Democratic Services

A Designated Person (DP), who authorises a communication data application must be, at least, a Service Manager

A Single Point of Contact (SPoC) must be accredited by the Home Office, after undergoing accredited training & have proved their competency, by exam. The Council currently uses the National Anti-Fraud Network for this aspect of investigation.

CSPs (Communication Service Providers) have access to the Home Office's relevant database of accredited SPoCs to ensure the validity of any Notice to provide data.

Procedure for obtaining telecommunications data

Applications to obtain telecommunications data must be submitted to a Home Office accredited Single Point of Contact (SPOC). The Council uses the services of NAFN (the National Anti-fraud Network) for this purpose.

Officers may make the application by accessing the NAFN website. They must therefore be appropriately registered on the NAFN website.

There are full instructions on how to submit an application in the Guidance Manual on the NAFN website. In addition, NAFN have produced a "RIPA Toolkit" for registered users.

The application will first be vetted by NAFN for consistency, before being forwarded by NAFN to the Council's Designated Persons for the purposes of approving the online application.

The Council's Designated Persons are the Public Protection Manager and the Trading Standards Manager. In the future, these roles may be extended (or limited to) Corporate Directors, CEO, and the Council's Monitoring Officer. NAFN will inform the Designated Persons jointly once the application is ready to be reviewed by the Designated Persons.

The relevant Designated Person will then access the restricted area of the NAFN website using a special code, in order to review and approve the application. When approving the application, the Designated Person must be satisfied that the acquiring of the information is necessary and proportionate.

Approvals are documented by the Designated Person completing the online document and resubmitting it by following the steps outlined on the site by NAFN. This online documentation is retained by NAFN who are inspected and audited by the IOCCO.

When submitting an online application, the officer must also inform their Team Manager AND the Designated Person (if different), in order that the Director is aware that the NAFN application is pending.

Acquisition & Disclosure of Communications Data

More information for officers is available in the document "*Guidance for Applicants & Designated Persons Considering Necessity & Proportionality*", produced by the Data Communications Group, is available on the Home Office's website

Although the Council subscribes to NAFN, officers may wish to familiarise themselves with the Home Office 'Acquisition and Disclosure of Communications Data' Code of Practice and Retention of Communications Data Code of Practice March 2015.

<http://www.homeoffice.gov.uk/publications/counter-terrorism/ripa-forms/code-of-practice-acquisition?view=Binary>

5.2 Encryption – the investigation of protected electronic information.

The power under s.49(1) of RIPA describes the means by which protected information has come into the possession of any person within a public authority. This is likely to include as regards the Council, protected information obtained under an authorisation under Part 2 of RIPA 2000, under Chapter 1, Part 2 of RIPA 2000 (communications data), or obtained by the Council in the exercise of their statutory duties.

Specifically, the provisions of these Part 3 powers are:

- Power to require disclosure of protected information in an intelligible form. (s.49)
- Power to require disclosure of the means to access protected information. (s.50 (3) (c))
- Power to require disclosure of the means of putting protected information into an intelligible form (section 50 (3)(c))

No person can seek to obtain appropriate permission until the approval of the National Technical Assistance Centre has been obtained. NTAC should be consulted in the first instance by email on ripaii@ntac.gsi.gov.uk

Permission will not be granted by the permission, cannot give permission unless the protected information has been obtained lawfully.

CHAPTER 6: CCTV

6.1 The Covert Surveillance and Property Interference revised Code of Practice (August 2018) at paragraph 3.39 states: *Where overt CCTV, ANPR or other overt surveillance cameras are used in a covert and pre-planned manner as part of a specific investigation or operation, for the surveillance of a specific person or group of people, a directed surveillance authorisation should be considered. Such covert surveillance is likely to result in the obtaining of private information about a person (namely a record of their movements and activities) and therefore falls properly within the definition of directed surveillance. The use of the CCTV, ANPR or other overt surveillance cameras in these circumstances goes beyond their intended use for the general prevention or detection of crime and protection of the public.*

6.2 The CCTV control room may on occasions be asked to carry out covert surveillance on behalf of the Council's or other law enforcement agencies, usually the police. This will be in accordance with the protocol the Council has with the police. Such requests to carry out directed surveillance must be supported by a RIPA authorisation, signed by an Authorising Officer, from the enforcement agency concerned and provided to the Council's CCTV Superintendent. It is the Authorising Officers statement that the Council's CCTV control room will require, if the other law enforcement agency do not wish for reasons of confidentiality, to provide the full details of the investigating officers application to the control room staff. For example it is not usually essential that the CCTV be provided with the personal information of the subject under surveillance, it is the scope of the actual surveillance itself that is essential. A copy of the original (whether or not redacted) is acceptable either in person or via the agency email.

The CCTV control room manager shall be provided with copies of any review or cancellation of any authorisation, this includes any Council or other law enforcement agency authorisations, subject to any redactions that the enforcement agency wish to make such as personal information.

This requirement will not apply if the directed surveillance is an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation to be sought.

6.3 In respect of applications from internal Council services to conduct covert surveillance via CCTV, the same process shall be followed as if the enforcement agency were external. No covert surveillance shall take place unless the CCTV control room personnel have sight of a copy of the original signed authorisation (redacted if necessary) and a copy of the Magistrates Order signing off the authorisation (again this may be redacted).

6.4 Copies of any authorisations (redacted or otherwise) shall be retained securely in line with the Data Protection Act 2018 at the CCTV control room and retained in accordance with Home Office retention guidelines and this policy.

6.5 You should familiarise yourself with the Home Office Surveillance Camera Code of Practice and the Information Commissioner's code ("In the Picture – A Data Protection Code of Practice for Surveillance Cameras and Personal Information"). Copies available from the Council's Legal Department.

CHAPTER 7: SCRUTINY AND COMPLAINTS.

- 7.1** The Investigatory Powers Commissioner's Office (IPCO) has a duty to review the exercise and performance of Council departments in respect of their activities under RIPA. The IPCO will regularly inspect the Council in order to ensure that it is complying with statutory functions and duties. This will include scrutiny of authorisations of directed surveillance and CHIS and some activities relating to the investigation of protected electronic information. The latter activity is also overseen by the Interception of Communications Commissioner in part, who will also oversee activities carried out under the Access to Communications regime.
- 7.2** An Investigatory Powers Tribunal has been established in order to consider complaints made under the 2000 Act. The Tribunal is empowered to order bodies who breach the provisions relating to covert surveillance to pay compensation. Claims must be brought within one year of the alleged breach, although there are provisions which enable the tribunal to extend that period. A person may also complain to the Investigatory Powers Tribunal whose address is:-
- Investigatory Powers Tribunal,
PO Box 33220,
London
SW1H 9ZQ.
Tel: 0207 0353711
- 7.3** Any person who reasonably believes they have been adversely affected by any surveillance activity carried out by on behalf of the Council may either complain to the Monitoring Officer of the Council who will then investigate the complaint, or make a complaint of maladministration to the Ombudsman.
- 7.4** Clearly, any form of sanctions exercised against the Council, could result in damaging the County Council's reputation and generate adverse media publicity. This is quite apart from any financial implications that could arise. On that basis, it is imperative that all Officers are familiar with the possible (and quite serious) implications that could arise if the guidance offered by this Policy isn't adhered to.
- 7.5** The Legal, HR and Democratic Services department, additionally report the Council's use of these powers at least annually to the Council's Corporate Governance Committee in order to ensure that the powers are being used consistently and that the policy remains fit for purpose.

This policy will be reviewed no later than January 2024



REGULATION OF INVESTIGATORY POWERS ACT 2000

Direct Surveillance Form – Quality Assurance Checklist

√

- 1. Has the application been allocated a Unique Reference Number? Is this inserted on all pages?**

- 2. Are the full details of the Investigating Officer, Investigation Name (if applicable) and Authorising Officer inserted on page 1?**

- 3. Does Box 2 (page 2) contain a full, clear explanation of the nature of the investigation and the intelligence that has led to it? Would a person with no prior knowledge of the case understand what this investigation is? If possible include relevant legislation that gives you the power to prosecute or duty to carry out the investigation.**

- 4. Does Box 3 (page 2) contain a detailed description of the surveillance to be undertaken and the equipment to be used?**
ie what is going to be done? Who is going to do it? Where they are going to do it? When they are going to do it? How they will do it? Eg specific times/public or private vehicle/type of equipment/staff involved etc. Investigating Officer to consider (if appropriate) attaching a plan/map providing the Authorising officer with the full picture.

- 5. Does Box 4 (page 2) provide the names, addresses and dates of birth (if known) of the subjects of the surveillance? If you do not know the identity say so.**

- 6. Does Box 5 (page 2) explain in sufficient detail what the desired outcome of the surveillance is?**

The Investigating Officer should include all the separate pieces of information hoping to be obtained eg where the offender is dumping illegal waste, who it is that employs him and when this is taking place.

7. Box 6 – The only purpose Local Authorities can now use is the ‘prevention or detection of crime or of preventing disorder’ All other grounds must be deleted.

Is this the only purpose stated in this box?

8. Does Box 7 (page 3) explain why the surveillance is necessary? Provide detail of other means of obtaining the evidence that have been tried? Does it explain why overt surveillance is inadequate?

Factors to include will be: the specific offence, its seriousness, any other evidence you have that links the target with the offender which requires corroboration through surveillance.

9. Does Box 8 (page 3) identify who else may be affected by surveillance (collateral intrusion) & explain the steps taken to minimise this? Even if you cannot minimise you need to show you have considered it.

10. Does Box 9 (page 4) describe how the surveillance is proportionate, when balanced against the desired outcome? ie balance the intrusiveness on the target and others against the need for the activity in operational terms. Does it say why the desired outcome cannot be achieved in a less intrusive way?

Demonstrate proportionality by showing you have considered:

- *Can you use less intrusive/overt methods?*
- *Other means used already?*
- *What could be done to lessen the impact on the target eg the amount of information to be gathered, the way the surveillance is carried out, the impact of surveillance on the subject, timing etc.*

Balance this proportionality against:

- *What the surveillance will achieve?*
- *Nature and seriousness of the offence.*
- *Impact of the offence on the victims and community.*
- *The effect the offences have on the public purse.*

11. Does Box 10 (page 4) identify whether

**‘Confidential Information’ will be likely to be obtained? Eg where following someone you are likely to end up at a church or GP surgery.
*NB If so, this can only be authorised by the Chief Executive and Box 14 (page 6) completed**

12. Do Boxes 12 & 13 (page 5) contain the Authorising Officer’s full statements as to why they believe the surveillance is necessary & proportionate and give full details of the proposed surveillance. Has the AO considered the application objectively?

The 5 ‘W’s must be considered – the Investigating Officer needs to be clear what they can and cannot do. The AO may set out matters in the application that they have given particular weight to when considering necessity and proportionality. If the application is unclear and there is insufficient detail the AO should consider rejecting.

13. On page 6, has the Authorising Officer –
- **signed, dated and completed the authorisation**
- **inserted the date of the first review?**
- **completed the expiry date and time of the authorisation?**

14. On page 17, if this was an urgent authorisation, has the Authorising Officer completed Box 15?

Completed forms must be sent to Legal Services department within 3 working days of authorisation. If the hard copy is sent consider the most secure form of transit (eg hand delivery if possible) and put the Officer holding the Central Record on notice that the authorisation is being dispatched and confirmation of the URN.

APPENDIX 2

STRICTLY CONFIDENTIAL

Denbighshire County Council RIPA CHIS RISK ASSESSMENT FORM

RISK ASSESSMENT FOR THE USE OF COVERT HUMAN INTELLIGENCE SOURCE
THIS FORM IS TO BE SUBMITTED TO LEGAL SERVICES WITH THE CHIS FORM. ALL CHIS
FORMS MUST BE HAND DELIVERED AND NOT SENT IN THE INTERNAL POST

Name of source :

Unique reference number:

Is the identity used by the source different to the above?

CHIS pseudonym

Handler details and date duties commenced:

Controller details and date duties commenced:

Is the source working for any other investigation authority? If so by what identity?

Assess and detail the nature and magnitude of any risk connected with the use of the source:

This will include all considerations including risks to the source personally and operational or ethical risks in using the source :

Detail any arrangements made to minimise the risk:

If the source is under 18 detail the arrangements made to satisfy the RIPA (Juveniles) Order 2000:

Authorising Officers' comments on the above arrangements:

Does the Authorising Officer consider that any identified risks are justified? YES/NO and give details:

Have the identified risks been properly explained to, and understood by the source? YES/NO

Date and circumstances in which source was recruited. Give dates when handler and controller commenced duties and any changes to these.

The following officer will be responsible for recording use of the source:

Has the Authority passed the information by the source to anyone else? Give details.

Has the Source been offered or received payment, benefit or reward? Give details.

Detail the tasks given to the Source:

Detail dates of contact with source and notes of information obtained:

Appendix 3

Application for judicial approval for authorisation to obtain or disclose communications data, to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, 32B.

Local authority:.....

Local authority department:.....

Offence under investigation:.....

Address of premises or identity of subject:.....

.....

.....

Covert technique requested: (tick one and specify details)

Communications Data

Covert Human Intelligence Source

Directed Surveillance

Summary of details

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Note: this application should be read in conjunction with the attached RIPA authorisation/RIPA application or notice.

Investigating Officer:.....

Authorising Officer/Designated Person:.....

Officer(s) appearing before JP:.....

Address of applicant department:.....

.....

Contact telephone number:.....

Contact email address (optional):.....

Local authority reference:.....

Number of pages:.....

ATTACHED TO THIS APPLICATION IS: COPY OF THE ORIGINAL SIGNED RIPA APPLICATION.

Order made on an application for judicial approval for authorisation to obtain or disclose communications data, to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, 32B.

Magistrates' court:.....

Having considered the application, I (tick one):

- am satisfied that there are reasonable grounds for believing that the requirements of the Act were satisfied and remain satisfied, and that the relevant conditions are satisfied and I therefore approve the grant or renewal of the authorisation/notice.
- refuse to approve the grant or renewal of the authorisation/notice.
- refuse to approve the grant or renewal and quash the authorisation/notice.

Notes

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Reasons

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.....
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.....

Signed:

Date:

Time:

Full name:

Address of magistrates' court:

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GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

Meeting	Item (description / title)		Purpose of report	Author / contact officer	Date Entered / Updated By
19 Mar 2025	1	Issues Referred By Scrutiny Committees (If Any)	To receive any issues raised at Scrutiny	Rhian Evans/ Karen Evans – Scrutiny Co-ordinator	Standing Item
	2	Recent External Regulatory Reports Received (If Any)	To consider any reports received	Helen Vaughan-Evans – Head of Corporate Support Services Performance, Digital and Assets	Standing Item
	3	Forward Work Programme	To review the committee’s forward work programme	Democratic Services	Standing Item
		Reports			
	4	Statement Of Accounts 2023/24	To receive the opinion of Audit Wales and approve 2023/24 accounts.	Liz Thomas	18.12.24 SP
	5	Dcc Local Code of Corporate Governance	Deferred from June meeting	Gary Williams	18.12.24 SP
	6	Internal Audit Charter, Strategy and Quality Assurance Improvement Programme 2025-2026		Bob Chowdhury	18.12.24 SP
<i>For information</i>	7	Teckal Agreement	Deferred from June meeting	Gary Williams	18.12.24 SP
<i>For information</i>	8	Audit Wales Report: ‘Cracks In The Foundations’ – Building Safety In Wales	A national Audit Wales report on building control and building safety in Wales and a DCC management response	Emlyn Jones	17.12.2024 SP

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

Meeting	Item (description / title)		Purpose of report	Author / contact officer	Date Entered / Updated By
<i>For information</i>	9	Audit Wales Report: 'Sustainable Development? - Making Best Use of Brownfield Land & Empty Buildings'	A national Audit Wales report and a DCC management response	Emlyn Jones	17.12.2024 SP
30 Apr 2025	1	Issues Referred by Scrutiny Committees (if any)	To receive any issues raised at Scrutiny	Rhian Evans/ Karen Evans – Scrutiny Co-ordinator	Standing Item
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received	Helen Vaughan-Evans – Head of Corporate Support Services Performance, Digital and Assets	Standing Item
	3	Forward Work Programme	To review the committee's forward work programme	Democratic Services	Standing Item
		Reports			
	4	Medium Term Financial Strategy and Plan 2026/27-2028/29	To update the committee on the revised 3 year strategy and budget projections.	Liz Thomas	18.12.24 SP
	5	Internal Audit Update		Bob Chowdhury	18.12.24 SP
	6	Annual Internal Audit Report		Bob Chowdhury	18.12.24 SP
<i>For Information</i>	7	Treasury Management 2024/25 update.	To approve the quarterly update.	Liz Thomas	18.12.24 SP
<i>For information</i>	8	Corporate Risk Register Review		Helen Vaughan Evans	18.12.24 SP
<i>For information</i>	9	Terms of Reference Governance and Audit Committee	Annual review of Terms of Reference		18.12.24 SP

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

Meeting	Item (description / title)		Purpose of report	Author / contact officer	Date Entered / Updated By
<i>For information</i>	10	Council's Performance Management Guide			18.12.24 SP
11 Jun 2025	1	Issues Referred by Scrutiny Committees (if any)	To receive any issues raised at Scrutiny	Rhian Evans/ Karen Evans – Scrutiny Co-ordinator	Standing Item
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received	Helen Vaughan-Evans – Head of Corporate Support Services Performance, Digital and Assets	Standing Item
	3	Forward Work Programme		Democratic Services	Standing Item
		Reports			
	4	Medium Term Financial Strategy and Plan 2026/27-2028/29	To update the committee on progress in setting a balanced budget for 2026/27	Liz Thomas	18.12.24 SP
	5	Council Performance Self-Assessment 2024 to 2025 (year-end)	To consider a report on the Performance Self-Assessment	Cllr Gwyneth Ellis / Helen Vaughan-Evans / Emma Horan	04.10.24 KEJ
	6	Annual Governance Statement 2023-2024		Bob Chowdhury	18.12.24 SP
	7	Partnership Working Arrangements		Bob Chowdhury	04.10.24 NH Rescheduled 06.11.24 SLW

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

Meeting	Item (description / title)		Purpose of report	Author / contact officer	Date Entered / Updated By
23 July 2025	1	Issues Referred by Scrutiny Committees (if any)	To receive any issues raised at Scrutiny	Rhian Evans/ Karen Evans – Scrutiny Co-ordinator	Standing Item
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received	Helen Vaughan-Evans – Head of Corporate Support Services Performance, Digital and Assets	Standing Item
	3	Forward Work Programme	To review the committee’s forward work programme	Democratic Services	Standing Item
		Reports			
	4	Statement of Accounts 2024/25	To consider draft accounts prior to audit.	Liz Thomas	18.12.24 SP
	5	Treasury Management 2025/26 update.	To approve the 2024/25 year-end report and to approve the 2025/26 quarterly update.	Liz Thomas	18.12.24 SP
	6	Annual GAC Report 2024/25		Bob Chowdhury	18.12.24 SP
	7	Annual Complaints Report/Your Voice			18.12.24 SP
24 Sep 2025	1	Issues Referred by Scrutiny Committees (if any)	To receive any issues raised at Scrutiny	Rhian Evans/ Karen Evans – Scrutiny Co-ordinator	Standing Item
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received	Helen Vaughan-Evans – Head of Corporate Support Services Performance, Digital and Assets	Standing Item

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

Meeting	Item (description / title)		Purpose of report	Author / contact officer	Date Entered / Updated By
	3	Forward Work Programme	To review the committee's forward work programme	Democratic Services	Standing Item
		Reports			
	4	Approval of Statement of Accounts 2024/25	To receive the opinion of Audit Wales and approve 2024/25 accounts.	Liz Thomas- Head of Finance and Audit	18.12.24 SP
	5	Internal Audit Update	To update the Committee on the Internal Audit's latest progress	Bob Chowdhury-Chief Internal Auditor	18.12.24 SP
	6	Annual Whistleblowing Policy/Report		Gary Williams-Monitoring Officer	18.12.24 SP
<i>For information</i>	7	Annual Corporate Health and Safety Report		Corporate Health and Safety Manager	18.12.24 SP
<i>For information</i>	8	Annual Property Compliance Report		Sian Wainwright	18.12.24 SP
26 Nov 2025	1	Issues Referred by Scrutiny Committees (if any)	To receive any issues raised at Scrutiny	Rhian Evans/ Karen Evans – Scrutiny Co-ordinator	Standing Item
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received	Helen Vaughan-Evans – Head of Corporate Support Services Performance, Digital and Assets	Standing Item
	3	Forward Work Programme	To review the committee's forward work programme	Democratic Services	Standing Item

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

Meeting	Item (description / title)		Purpose of report	Author / contact officer	Date Entered / Updated By
		Reports			
	4	Medium Term Financial Strategy and Plan 2026/27-2028/29.	To update the committee on progress in setting a balanced budget for 2026/27.	Liz Thomas	18.12.24 SP
	5	Corporate Risk Register Review		Helen Vaughan Evans	18.12.24 SP
	6	Annual SIRO Report		Helen Vaughan Evans-	18.12.24 SP
<i>For information</i>	7	Treasury Management 2025/26 update.	To approve the mid-year update.	Liz Thomas	18.12.24 SP
<i>For information</i>	8	Annual RIPA Report		Gary Williams	18.12.24 SP

FUTURE ITEMS

			Date Entered / Updated By
1	Changes to the Committee's Terms of Reference – This will be an annual item.	Monitoring Officer	
2	Housing Revenue Account	Head of Finance to liaise with relevant department	
3	JICPA Assessment Update	To receive any updates. Corporate Director: Social Services and Education	

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

FUTURE TRAINING DATES

<u>Date and Time</u>	<u>Topic</u>	<u>Officer</u>
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GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

	Assurance Rating / Scoping of Audits / Status of Internal Audit	Chief Internal Auditor
October 2024	Procurement rules and regulations	Monitoring Officer
	Risk Management	Strategic Planning and Performance Team Leader

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