Denbighshire County Council

Delivering good governance and continuous improvement

Assessment of the Council's governance and improvement arrangements for 2013-14

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Introduction

Why do we need an annual assessment of our governance arrangements?

Denbighshire County Council is responsible for ensuring that it has robust governance arrangements in place so that it does the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable way. Good governance is essential to both the Council and the public. It supports the Council in making the right decisions, reduces the likelihood of things going wrong and protects it when problems do occur. It inspires confidence in the public that we are taking decisions for the right reasons, protecting service quality and spending public money wisely.

This document explains and assesses our governance arrangements for 2013-14 and identifies any improvements that we need to make the arrangements more robust.

Self-assessment of our arrangements

Within our annual governance review, we are required to carry out a self-assessment of our arrangements. In the past we have also carried out a corporate self-assessment showing how we achieve continuous improvement, so we have now combined these self-assessments in an approach to avoid duplication, as managing and monitoring of performance and improvement is also an important element of good governance. This innovative new self-assessment helps us to understand our strengths and weaknesses in relation to the six key principles of good governance that we use in our governance framework:

Focusing on our purpose and on the outcomes for citizens and service users

Performing effectively in clearly defined functions and roles

Promoting values for the whole organisation and demonstrating good governance through our behaviour

Taking informed and transparent decisions and managing risk

Developing our capacity and capability to be effective

Engaging with local people and other stakeholders to ensure robust public accountability

Focusing on our purpose and on the outcomes for citizens and service users

…we are clear about what we are trying to achieve

Our Corporate Plan 2012-17 clearly shows what we are aiming to achieve and sets out our priorities for the five year period. Each year we develop a Corporate Plan Delivery Document to show what we expect to do in the forthcoming year to support the delivery of our priorities and how we will go about it. The Wales Audit Office Annual Improvement Reports conclude that we are making good progress in delivering our improvement programme, that our corporate performance management arrangements support reliable self-evaluation and that our arrangements to support improvement are good.

Will include a paragraph relating to 'Sharpening our Act' and how to respond to challenges over the next three years

We have clearly stated how our corporate priorities link to our medium-term financial plan and identified financial and staffing resources to support the delivery of our 2013-14 objectives.

We have a comprehensive partnership governance toolkit that provides guidance to ensure that, for each partnership, there should be a clear statement of the partnership principles, objectives and proposed outcomes. It also includes guidance on measurement of service quality so that customers receive good service, however we deliver our services. However, we are aware that not all partnerships use the toolkit, so, as part of a comprehensive review of the partnership landscape, we will need to review the guidance to ensure that it is user-friendly and effective. This review will also provide a greater knowledge and understanding of partnership activity and develop a better corporate understanding of the challenges of operational partnerships.

…we make sure that service users receive a high-quality service and value for money

We monitor our performance regularly and take half-yearly reports to Scrutiny and Cabinet meetings and produce an Annual Performance Report to evaluate progress. As part of our aim to be amongst the top six performing Councils in Wales, we have introduced an 'excellence threshold' approach, prioritising improvement in areas where our performance is below that of half of the other Welsh local authorities. However, we still have some improvements to make to ensure that all services are clear about this approach to implementing corporate priorities and how they will measure success.

Will include more information on 2013/14 performance once final quarter information available in April/May

We maintained our position as the highest performing council in Wales for a third year, based on the National Strategic Indicators, performing in the:

- top quarter of councils for more indicators than anyone else (17 out of 30);

- top half of councils for more indicators than anyone else (22 out of 30);
- bottom quarter of councils for fewer indicators than anyone else (4 out of 30).

During the year, we reviewed our Service Performance Challenge programme to provide an annual challenge by senior management and elected members for all services that is significantly more robust and focused more on service performance and improvement. The challenge uses a variety of reports and a service self-assessment to review performance against the service plan, benchmarking information and a 'need and demand' report, which highlights possible future pressures and changes in the external environment that the service may need to respond to. The new process addresses the Wales Audit Office's concerns that our assessment of performance and efficiency may have been based on too narrow a range of evidence in the past.

The Wales Audit Office provided an unqualified audit report on our financial statements for 2012-13, raising no significant issues or material weaknesses in our internal controls. Our Internal Audit service reviews our key financial systems annually and provided positive reports during the year apart from a critical report on the procurement of construction services that highlighted several weaknesses, including that our procurement strategy is out of date. Internal Audit's recent follow up of the improvement action plan shows that, although we have developed a new draft strategy and Contract Procedure Rules, progress with improvement is slow and behind schedule.

Also in procurement, we are involved in the development of some key projects:

- We are developing a business case for a sub-regional procurement service - the Three County Project, which will be a collaboration arrangement with Gwynedd County Council and Flintshire County Council. This new organisation will introduce a category management approach to procurement that will bring significant economy of scale for regularly purchased commodities. At this stage it is too early to say whether this arrangement will be successful, but early indications suggest that the project could realise efficiencies of up to £4m per year, based on similar related projects undertaken in other local authorities.

- Denbighshire and Flintshire Councils are merging their procurement services to streamline procurement processes and have a more effective use of resources in readiness for the development of the Three County Project.

- We are implementing a new e-sourcing system and centralised invoice registration project that will also impact on the procurement function.

- The creation of the National Procurement Service has also added to the complexity of procurement arrangements and led to a loss of staff to the new organisation, with potential further staffing losses.

We are aware that we are entering a critical period in relation to strategic procurement and the major changes that we are making; therefore, we will need to keep this area under regular review to ensure that the identified improvements are implemented and that the strategic programmes of change are successfully delivered.

During the year, we have continued to improve management of our programmes and projects but realise that we still have work to do to fully embed this into the Council's culture. We have developed the Verto system and tailored it with the PRINCE2 methodology to provide a consistent approach to project and programme delivery, which is rigorous and flexible, allowing for overall improved delivery in quality, cost, time and scope of projects across the Council. We will continually improve the use of the system as a project management tool to enable closer working with performance management and the service business planning process.

There are two Corporate Programmes - Economic and Community Ambition and Modernisation, both developed in response to corporate priorities. We also have two service-led programmes - Modernising Education and Modernising Social Services. Each Programme has a Senior Responsible Owner at Corporate Director level and a dedicated Programme Manager. Each of the Programme Boards has Member representation, which includes Cabinet Members with a relevant portfolio responsibility.

Performing effectively in clearly defined functions & roles

…we are clear about the roles and responsibilities in our organisation

The Council's main governance guidance is provided in our comprehensive Constitution that:

- clearly sets out respective roles & responsibilities of elected members and officers, particularly relating to governance, although it needs to be updated to take account of changed role titles and elected member portfolios;

- includes a formal scheme of delegation and reserve powers for decision-making; and

- includes the process for holding County Council and Cabinet to account for their decisions and performance.

Our partnership governance toolkit provides guidance on defining each partner's role in the partnership, line management responsibilities for staff supporting the partnership and legal status but does not provide clear guidance on the roles of partnership board members. We have already identified the need to review this guidance, as we are aware that it is not always used by partnerships.

Will include reference to organisations that the Council provides funding to and the need to receive assurance about their governance arrangements, financial and operational performance

…we make sure that we carry out these roles and responsibilities

Our Constitution includes a protocol to ensure that elected members and employees understand each other's roles and work effectively together.

We have clearly identified the roles and responsibilities of key officers in the Council:

- Our CEO is responsible and accountable to the organisation for all aspects of operational management;

- Our S151 Officer is responsible for ensuring that appropriate advice is given to the organisation on all financial matters, keeping proper financial records and accounts, and maintaining an effective system of internal financial control; and

- Our Monitoring Officer is responsible for ensuring that the organisation follows agreed procedures and complies with all applicable statutes and regulations.

We have clear arrangements for the remuneration of employees and elected members.

Promoting values for the whole organisation and demonstrating good governance through our behaviour

…we ensure that our organisational values are put into practice and are effective

We have a set of core values - **Pride, Unity, Respect and Integrity -** that are well-embedded in the organisation and are clearly reflected in our Constitution, Partnership Governance Framework, Financial Regulations, Contract Procedure Rules and employee appraisal process.

Our leadership sets the tone for the organisation by creating a culture of openness, support and respect. The staff survey in 2013 reported that 83% of employees feel that the leadership team has a clear vision for the future compared to only 58% in the 2011 survey. There is also a high level of confidence (84%) in the leadership team. This same level of improved confidence is reflected at service level, with 81% believing that their service has a clear vision for the future and having confidence in their manager.

Equalities – awaiting comments on commitment, any new developments e.g. Respect booklet – IA work ongoing on awareness of equalities issues

…we provide leadership by behaving in ways that exemplify high standards of conduct and effective governance

We have various ways in which we demonstrate our core values and high standards of conduct and effective governance, for example:

- we have clear and transparent Freedom of Information arrangements to allow access to information;

- our codes of conduct for elected members and employees form part of induction training, although we need to ensure that we have arrangements in place to ensure that we regularly raise awareness of these codes;

- we have a register of financial interests and hospitality for elected members and employees to ensure transparency;

- we have a process for elected members to declare interests generally and in relation to specific issues and/or reports at meetings;

- we have a protocol to ensure that elected members and employees treat each other with respect and behave professionally;

- our customer feedback and complaints framework allows the opportunity for customers to comment on the behaviour of elected members and employees;

- we have an anti-fraud and corruption policy, although we have not reviewed and updated this since 2006;

- we have revised our whistleblowing procedures that enable issues to be raised feely with a wide range of people or bodies and these are currently out for consultation with trade unions;

- a recent Internal Audit review confirmed that our financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010);

- our Corporate Governance Committee recently carried out a self-assessment that confirmed that its terms of reference conform to the Local Government (Wales) Measure 2011;

- the Head of Internal Audit recently provided training to elected members on their governance responsibilities, as we realised that we had previously concentrated this training on the Corporate Governance Committee members and needed to ensure that all elected members are aware of their responsibilities;

- the Head of Internal Audit, Wales Audit Office and Chief Accountant provided specific refresher training to the Corporate Governance Committee on its role and responsibilities, as members had identified that they now have more knowledge of how the Council works and that this training may be more effective at this stage;

- the Head of Internal Audit's annual report confirmed that we operate an effective system of internal control, governance and risk management; and

- we operate an effective and impartial Standards Committee to uphold good behaviour by elected members.

One key weakness that we have identified is that we do not have an environmental policy or corporate approach to environmental management that would help to demonstrate our values and ethics by committing to ensuring that we help to maintain, enhance and use natural resources sustainably now and in the future.

Taking informed and transparent decisions and managing risk

…we are rigorous and transparent about how we make decisions

We have a clear decision-making framework to show who can make what decisions and we keep a comprehensive and published record of decisions made. All key decisions include an assessment of financial implications, contribution to corporate priorities, risks and equality impacts, although we are aware that we need to carry out some quality control reviews on equality impact assessments to ensure that they are robust.

We advertise our 'public' meetings in advance so that they are open for public and media attendance and all of our reports are discussed openly unless they meet strict criteria for confidential discussion.

Our scrutiny function is effective, supported by evidence and data analysis, to challenge decision-makers constructively.

…we use good quality information, advice and support

Elected members are provided with clear, concise but comprehensive reports and advice for decision-making that clearly explains the implications of the decision. Reports should not exceed four pages and we use a corporate report template to ensure that all information is included, together with a checklist that has to be completed in all cases to confirm that all information is included in the report before submission.

We have arrangements in place to provide and record proper professional advice on matters that have legal or financial implications well in advance of decision making and at meetings.

External advice is obtained where required, particularly in specialist areas. We have also created a Corporate Research and Intelligence team, bringing together former members of the Information and Mapping and Corporate Improvement Team. The main work of the team this year been in providing research to support the Service Challenge Process, the development of the Economic and Community Ambition Strategy and upgrading the Council's internet mapping provision. The team has also worked to enhance research capacity in individual services, for example, training in geographical information systems delivered to the Housing and Community Development Service and the mapping of various new data sources for adult social services.

…we have effective risk management, information management and control systems

During the year, we updated and simplified our Risk Management Guidance, including the reporting of the Corporate Risk Register, which is now monitored by Cabinet as well as the Corporate Executive Team, giving risk management a higher profile in the organisation. The guidance is easier to follow and should help to embed risk management further in the

Council's culture. We review our Corporate Risk Register formally twice a year, with each Corporate Director considering the risks that they currently manage, reviewing mitigating actions and the external environment to assess the risk score and adding new risks as appropriate.

We have an independent and objective internal audit service providing assurance across the whole range of DCC's services, including partnerships. The Head of Internal Audit's annual report confirmed that we operate a robust system of financial and operational internal controls. The service has not yet carried out the required self-assessment review to ensure that it complies with the new Public Sector Internal Audit Standards but plans to do this early in 2014/15.

We discuss any reports of external regulators at the relevant management and elected member levels and monitor action plans arising from their reviews.

Information management was a significant governance weakness in our last two Annual Governance Statements following adverse internal and external audit reports. We have now made significant improvements to address this by forming a Corporate Information Team. In particular, we have:

- appointed a Corporate Information Manager;
- launched an Information Management Strategy;
- provided access to information training;
- achieved Public Sector Network (PSN) accreditation;
- developed an Information Assets Register;
- appointed an Access to Information Officer to manage the increasing number of access to information requests; and
- made good progress with rolling out EDRMS (electronic document records management system).

However, we recognise that we still have a lot of work to do but have identified this in our Information Management Strategy, for example:

- develop e-learning modules for several areas of training;
- improve the policy framework in areas such as email, records management and information security;
- digitise catalogues and collections in our archives;
- enhance our Publication Scheme and Disclosure Logs;
- revise and embed the corporate retention schedule; and
- achieve PSN accreditation for 2014.

Developing our capacity and capability to be effective

…we make sure that our elected members and employees have the required resources, skills, knowledge and experience they need to perform well

We have elected member and employee induction programmes to ensure that key information is imparted at an early stage; however, we need to assess the effectiveness of the employee induction process to ensure that it is still relevant and properly structured.

Our performance management framework for Cabinet and individual Lead Members assesses their performance and helps to address improvement needs; however, we need to assess how well this works in practice and whether it is leading to improvement.

Scrutiny Committees produce annual reports on their work to County Council but the Corporate Governance Committee's self-assessment highlighted that it had not formed part of this performance monitoring arrangement in recent years. It will address this in May 2014 to report on this year's performance.

Employees receive annual performance appraisals, resulting in training and development plans to help them achieve their objectives and fulfil their roles effectively. We have improved performance in this area…need some statistics from HR to assess improvement

We are trying to modernise the way we work so we can use valuable time and resources better. The Modernisation Board has initiated several projects that create service delivery efficiencies and we have developed an Agile Working Policy Statement and guidance that sets out how we expect employees to work in the future and also what support we can provide. To improve our efficiency and mobility, we are:

- rolling out new IT equipment;
- reviewing our office accommodation requirements;
- agreeing a hot-desk policy;
- rolling out EDRMS to more services;
- implementing Central Invoice Registration, which will reduce the number of invoices not paid on time and avoid late payment fines; and
- developing a Customer Access Strategy to look at future service delivery, customer requirements, how technology can support service delivery and how we can manage customer data to improve services.

…we ensure that we can continue to perform effectively during periods of change

Strategic HR Business Partners undertake a workforce planning exercise with each service annually to identify their priorities for the coming 12 months. This enables HR to understand and prioritise the level and timing of support that services may require. The discussions with

services cover service aims and priorities, workforce profile, upcoming challenges and risks, resource and skills gaps and critical posts. This allows HR to develop a Workforce Priority Plan, agreed with the Senior Leadership Team. In addition, the data collected from performance appraisals enables us to identify corporate people development priorities for the coming 12 months.

To help develop potential senior managers of the future, we use Middle Managers conferences to engage them and we have appointed a new cohort of 'yr Hwb', consisting of members of staff across the organisation and engaging them in change activities, providing them with mentorship, training and experience in skills that maybe under-utilised in their usual day to day role.

We are developing a process for the strategic allocation of resources to project management. A risk with the current business model (where our project management team relies on income from project management) is that fee-earning capital projects can take priority over important corporate improvement projects, as the fees are required to fund the salaries of our corporate project managers. With the completed training, some services may decide to manage projects themselves, therefore enabling project managers to gain the experience following their qualification.

Our Volunteering Strategy offers a useful starting point for developing corporate vision for volunteering. We will develop this Strategy to take into account developments across the county in areas such as time-banking pilots, partnership working, and developing initiatives to support employees to volunteer their time and expertise to benefit their communities.

Engaging with local people and other stakeholders to ensure robust public accountability

…we take an active and planned approach to dialogue with and accountability to our external regulators

We take a proactive approach to external regulation, for example:

- regular meetings to discuss developments, their work and outcomes;
- involving and consulting them on key decisions that may affect our governance arrangements;
- acting on any improvements that they identify in their reports;
- presenting their reports to the relevant committees to keep elected members informed.

…we engage effectively with the public and other stakeholders

We publish our Annual Statement of Accounts, including this self-assessment of our governance and improvement, on our website and it is open for public inspection and challenge for the designated period.

We publish our Annual Performance Report so that the public can see how well we are performing in the delivery of our Corporate Plan.

Our customer feedback and complaints framework provides the opportunity for customers to comment on our services. We listen to these views when deciding on service planning and improvement.

We have improved our community engagement during the year, for example:

- launching our Corporate Community Engagement Strategy and Toolkit, which is on our intranet and is a useful resource for all services. The next step is to ensure that the Strategy becomes embedded in the engagement philosophy of all services so that minimum standards are adopted;
- undertaking further work to manage our on-line consultation polices and use of on-line survey tools such as 'Survey Monkey'; and
- adopting the National Principles of Public Engagement.

We carried out a resident survey during the year with over 2000 residents taking part. *Need to include some outcomes*

In addition to the resident survey, services carry out individual engagement and consultation, usually on a specific issue, for example on our review of schools provision, or for user feedback. These influence current and future delivery of services.

The Council is the lead partner in delivering an Engagement Strategy and Action Plan on behalf of the Local Services Board (LSB). A working group, chaired by the Council is delivering work packages as part of the Strategy's action plan.

We reviewed Member Area Groups (MAGs) during 2013 to consider their effectiveness and efficiency, and to assess how well they meet their objectives and terms of reference. All of the recommendations arising from the review have been implemented and their terms of reference reviewed.

We are also commencing a review of the Town and Area Plan process to assess how the Plans will help to deliver our corporate priorities, what impact the Plans will have, whether they represent value for money and whether they have robust and effective governance arrangements in place.

We have completed and initiated several actions that have either changed or will change our engagement with businesses:

- The Leader and/or Corporate Director aim to visit the top 10 businesses in the county annually to provide an opportunity for senior Council representatives to hear from and speak with our most influential local businesses.

- We have developed a business survey that we intend to run annually and will soon be issued to provide an initial baseline for the programme and annual performance information. The majority of questions are seeking to build our knowledge and understanding of businesses in the county, their priorities and preferred communication and engagement methods.

- We have received very positive feedback from business and community respondents to the Economic and Community Ambition Strategy Consultation Programme and there is already evidence of positive feedback from businesses that we provide supportive and helpful regulatory services, so we are building on a positive relationship, adding more value.

- We have organised a high profile business engagement event for April 2014 where we will be building relationships, explaining our approach and seeking further business feedback.

- We have set targets for increasing the amount of procurement spend that goes to local businesses and started work on a local supplier engagement and development programme.

- We have progressed discussions on the creation of a multi-agency business advice and support partnership and potential one stop shop website.

However, it has become apparent that we are starting from a very low base, where the value of effective business engagement is only just being recognised, which means that we have a lot more work to do before we see the benefits that result from the above developments. We need to ensure that effective opportunities exist for businesses to provide feedback on the delivery of the Economic and Community Ambition Strategy / Programme and identify what we need to do to make engagement with the Council a valuable activity for businesses. In the longer term, as key stakeholders in the delivery of the overall vision for our economy, we need to increase business participation in making

decisions about how we plan and invest Council budgets and resources for greatest economic effect.

…we take an active and planned approach to responsibility to our staff

We have a human resources strategy, policies, procedures, workforce planning etc. to help manage our staffing resources effectively, consistently and fairly. Our Strategic HR service is working on a major programme to improve its performance since being identified as a significant governance issue in last year's Annual Governance Statement. The service has also reported its progress on implementing improvements arising from an adverse Internal Audit report to the Corporate Governance Committee. There are still concerns over the delivery of the improvement programme, so to ensure that it has assurance that the service has improved and is making good progress, the Committee requested a further internal audit review in April 2014.

We have a variety of ways to ensure that we involve our employees and their representatives in decision-making. We carry out regular staff surveys and the 2013 survey resulted in an increased response rate from 37% to 44.6% over the 2011 survey. The survey highlighted that:

- more employees (83%) are proud to work for the Council;

- more employees (88%) are satisfied with the Council as an employer;

- over 90% of employees stated that they enjoy their work, know what is expected of them and get on well with their colleagues;

- change management has improved, but can perhaps be better, as only 60% feel that we plan and deliver changes well; and

- communication has improved, but can perhaps be better, as only 64% feel well-informed about what is going on in their service.

Our whistleblowing procedures ensure that employees can raise issues of concern freely with a wide range of people/bodies.

Significant governance issues

🏞 Last year's Annual Governance Statement included two significant governance issues relating to Strategic Human Resources and information governance. We have taken steps to improve both areas during the year so that they are no longer considered as significant governance issues, but we have highlighted above that we still have work to do in both areas.

🏞 The issues in the table below, together with any less significant issues that we have identified in our self-assessment above, will be added to our Governance Assurance Framework Action Plan managed by the Council's Governance Group and monitored by the Corporate Governance Committee.

Significant Governance Issue 1	
Proposed action to address the issue	
Responsibility for the action	
Timescale for improvement	
Significant Governance Issue 2	
Proposed action to address the issue	
Responsibility for the action	
Timescale for improvement	

We propose over the coming year to take steps to address the above matters to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: .... (Leader) ……………….……2014

Signed: ………………………….................. (Chief Executive) ………………2014