



# Annual Governance and Improvement Assessment 2016-17



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## Introduction

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Good governance in Denbighshire County Council (the Council) encourages better-informed and longer-term decision-making, as well as the efficient use of resources. It strengthens accountability for the stewardship of those resources. Good governance is characterised by robust scrutiny, which places important pressures on improving the Council's performance and tackling corruption. Good governance can improve organisational leadership, management and oversight, resulting in more effective interventions and, ultimately, better outcomes.

To fulfil its wide range of functions, the Council must satisfy a complex range of political, economic, social and environmental objectives over the short, medium and longer term. This subjects it to a different set of external and internal constraints and incentives than those found in the private sector, all of which affect its governance arrangements. A key piece of legislation in Wales is the Well-being of Future Generations (Wales) Act 2015, which requires the Council to consider the longer term in making its decisions and to work collaboratively with other public bodies to improve well-being in Wales.

Financing of the Council's activities also has an important impact on governance:

- The principle source of revenue is taxation.
- Council services are often provided in a non-competitive environment, so the bottom line does not normally determine the types of goods and services to be provided.
- Service recipients, unlike consumers in the private sector, may have little or no option to use a different service provider or to withhold payment.

Stakeholders are, therefore, interested in issues such as:

- a) whether the Council's planned outputs have been delivered and outcomes achieved; and
- b) whether this has been done in an efficient, economic, effective and equitable manner.

The Council, therefore, must be highly transparent and provide high-quality information about all aspects of its performance. Within our annual governance review, we carry out a self-assessment of our arrangements, which we combine with our corporate self-assessment showing how we achieve continuous improvement. This self-assessment helps us to understand our strengths and weaknesses in relation to the following key principles of good governance that we use in our governance framework.

## **Principles of good governance in the public sector**

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Governance comprises the arrangements put in place to ensure that the Council's intended outcomes for stakeholders are defined and achieved. The fundamental function of good governance in the Council is to ensure that it achieves its intended outcomes while acting in the public interest at all times.

Acting in the public interest implies that the Council's primary consideration is the benefits for society, which should result in positive outcomes for service users and stakeholders.

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### **Acting in the public interest requires:**

- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- b) Ensuring openness and comprehensive stakeholder engagement

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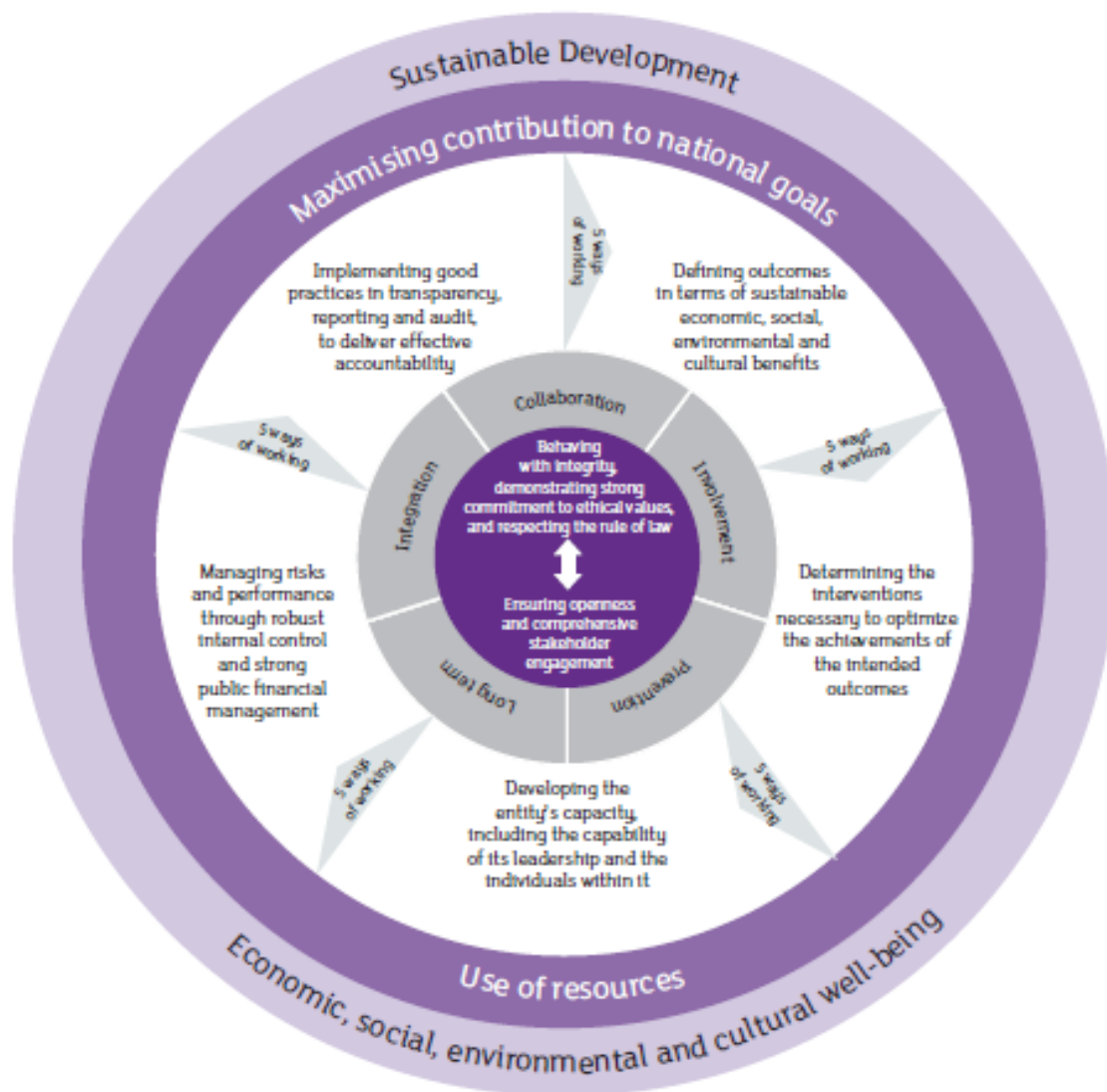
### **In addition, achieving good governance in the Council requires effective arrangements for:**

- c) Defining outcomes in terms of sustainable economic, social and environmental benefits
- d) Determining the interventions necessary to optimise the achievement of the intended outcomes
- e) Developing the Council's capacity, including the capability of its leadership and employees
- f) Managing risks and performance through robust internal control and strong financial management
- g) Implementing good practices in transparency, reporting and audit to deliver effective accountability

The diagram below brings together the above principles of good governance with the requirements of the Well-being of Future Generations (Wales) Act 2015. It shows sustainability as all-encompassing. The core behaviours of

- a) behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- b) ensuring openness and comprehensive stakeholder engagement;

need to be applied to the five ways of working outlined in the 2015 Act. These five ways of working have to permeate all segments of delivering outcomes, which, in turn, should ensure effective use of resources as the Council maximises its contribution to the economic, social, environmental and cultural well-being of Wales.



## Summary of our governance arrangements

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We are required to review the effectiveness of our governance arrangements each year. These include:

- Maintaining an on-going evidence framework showing how we can give assurance on our governance arrangements.
- Regularly reviewing the effectiveness of the Council's Constitution.
- Reviewing governance arrangements within services delivered on our behalf by partnerships, arms-length organisations etc.
- Having a Corporate Governance Committee that undertakes the core functions of an 'audit committee', including:
  - regular review of our governance arrangements;
  - considering and reviewing internal and external audit strategies, plans and reports;
  - reviewing, scrutinising and approving the annual statement of accounts; and
  - monitoring the effectiveness of risk management.
- Consulting widely on our self-assessment with senior management and elected members.
- Using information from various sources to inform our governance arrangements, for example:
  - service challenges;
  - performance reports;
  - risk management;
  - external regulator reports; and
  - the Head of Internal Audit's Annual Report.

**In summary, our self-assessment provides evidence and assurance that the Council has robust governance arrangements in place. Where**



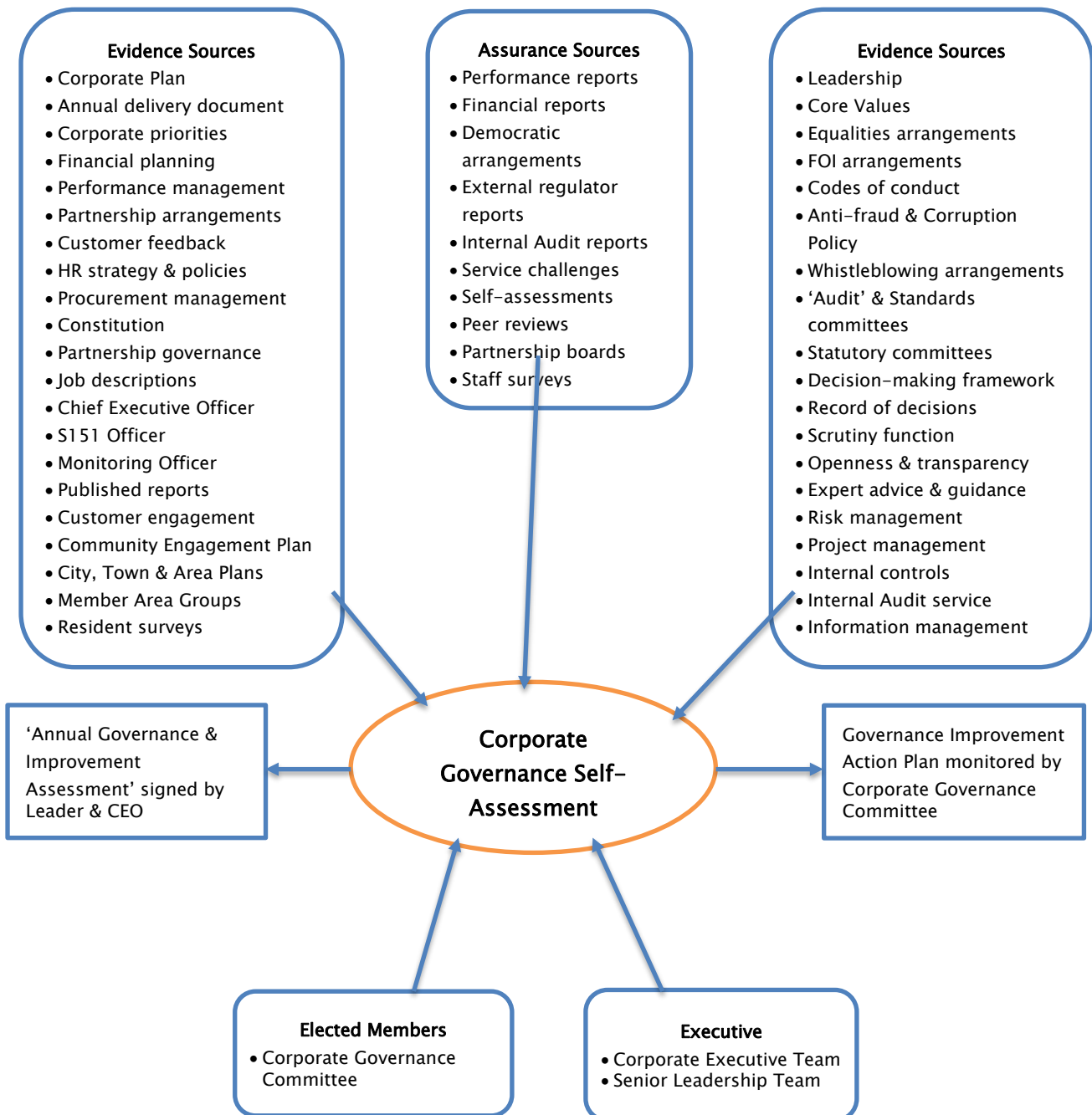
**we have identified areas for improvement, we have an action plan to address them (Appendix 1).**

**We will monitor and report progress on the action plan to the Corporate Governance Committee on a regular basis.**

## Summary of our governance framework

### Principles of Good Governance

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Council's capacity, including the capability of its leadership and employees



## **Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

### Good governance means...

The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes that it has achieved. In addition, the Council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

### How we achieve this...

The Council has a wide variety of ways in which it ensures that its elected members and officers behave with integrity and that it leads a culture where acting in the public interest is visibly and consistently demonstrated. Our leadership sets the tone for the organisation by creating a culture of openness, support and respect. We have supported this throughout the year with our Strategy for Leadership 2014–2017 encompassing leadership attitudes and behaviours, management skills and responsibility to create a collective leadership culture and capability.

We have developed a ‘Denbighshire Way’ of working, with a set of core values – Pride, Unity, Respect and Integrity – that are well-embedded in the organisation and are clearly reflected in our Constitution, Financial Regulations and employee appraisal process.

We have various other ways in which we consistently demonstrate our core values, high standards of conduct and adherence to legislation and government policies, for example:

- Clear and transparent Freedom of Information arrangements to allow access to information.
- Codes of conduct for elected members and employees that form part of induction training.

- A register of financial interests and hospitality for elected members and employees to ensure transparency in decision-making.
- A process for elected members to declare interests generally and in relation to specific issues and/or reports at meetings.
- A protocol to ensure that elected members and employees treat each other with respect and behave professionally.
- A customer feedback and complaints framework that allows the opportunity for customers to comment on the behaviour of elected members and employees.
- An anti-fraud and corruption policy, which we updated and re-launched this year.
- Revised whistleblowing procedures that enable issues to be raised freely with a wide range of people or bodies.
- Key HR policies and procedures and Contract Procedure Rules that place a clear emphasis on ethical values and integrity.
- Financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- The Head of Internal Audit's annual report, which confirmed that we operate an effective system of internal control, governance and risk management.
- Operation of an effective and impartial Standards Committee to uphold good behaviour by elected members.
- The Constitution, protocols, job descriptions, statutory committees, legal guidance, financial guidance etc., which all ensure that our statutory officers and other key post holders and elected members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.

## Principle B - Ensuring openness and comprehensive stakeholder engagement

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### Good governance means...

The Council is established and run for the public good, so it should ensure openness in its activities, using clear, trusted channels of communication and consultation to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

### How we achieve this...

The Council has demonstrated and communicated its commitment to openness. We make decisions that are open about our actions, plans, outputs and outcomes, and use formal and informal consultation and engagement to help determine the most appropriate and effective interventions/courses of action. We also use partnership working to allow for resources to be used more efficiently and outcomes achieved more effectively.

The Well-being of Future Generations (Wales) Act 2015 requires us to agree and publish our Well-being Objectives, which set out what actions we intend to take to contribute to the seven aims embodied in the Act. As there is inevitably an overlap with the Public Service Board's duty to publish a Well-being Plan and the development of our new Corporate Plan, we have aligned these through our County Conversation during the year, carrying out considerable consultation and engagement with our community in order to develop our priorities for the new planning period.

Other examples of our openness, consultation, engagement and communication include:

- Advertising our 'public' meetings in advance, so that they are open for public and media attendance.
- All of our committee reports are discussed openly unless they meet strict criteria for confidential discussion.

- Publishing 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.
- Publishing our Annual Performance Report so that the public can see how well we are performing in the delivery of our Corporate Plan.
- A customer feedback and complaints framework that provides the opportunity for customers to comment on our services. We listen to these views when deciding on service planning and improvement.
- Clear and transparent Freedom of Information arrangements to allow access to information.
- A clear decision-making framework to show who can make what decisions and a comprehensive and published record of decisions made. 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.
- All key decisions include an assessment of financial implications, contribution to corporate priorities, risks and impact assessments that provide evidence of clear reasoning for decisions.
- A website that provides a wealth of information for businesses, residents and service users, as well as details of past and current consultations on a range of topics.
- A draft communication and engagement strategy and toolkit that we are currently consulting on internally and that will be in place during 2017–18. This has been revised in line with the Well-being of Future Generations Act.
- A Communications Strategy on our website that sets out how the Council aspires to improve internal and external communications over the coming years.
- We continue our close liaison with the 37 city, town and community councils.
- We have significantly improved our engagement with businesses over the last two years, including, improved face-to-face contact with businesses, our 'Better Business for All' project, a small business

development grant scheme to aid start-up and growing businesses, and a range of training events to provide support and advice.

## **Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits**

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### Good governance means...

The long-term nature and impact of many of the Council's responsibilities means that it should define and plan sustainable outcomes. The Council should ensure that its decisions further its purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital.

### How we achieve this...

Our Corporate Plan 2012–17 was widely consulted on and clearly shows what we were aiming to achieve, setting 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. Actual performance against the Corporate Plan is regularly reported to Cabinet and County Council.

As our current Corporate Plan is reaching its conclusion and local government elections will be held on May 2017, we have been working hard to develop the Council's potential priorities for the upcoming administration. As part of our 'County Conversation' consultation, six potential priority areas have emerged, which were referred back to the public during a second phase of consultation. This has led to support for the priorities and a relative ranking that gives us a fairly clear idea of what our community thinks should be our core priorities for the next planning period, based on extensive public engagement, data analysis and a thorough assessment of need. We have deliberately developed our Well-being Objectives to match these priority areas, so that we do not end up with two sets of priorities. These priority areas will be taken forward to the new administration after May's elections for revision by County Council in July 2017.



In addition to this, to explain our approach to our citizens, and to comply with legislation, we have developed a Well-being Statement, which we have published on our website along with our Well-being Objectives.

In November 2016, a joint Cabinet and Senior Leadership Team (SLT) Workshop was held to identify and discuss the corporate priorities that will be considered in formulating the next Corporate Plan. The Workshop included a summary of what the current programme of 'County Conversation' had told us, the data collected, feedback from our partners, and the proposals for what the 'long list' of priorities could be.

The recent Wales Audit Office (WAO) report '*Good Governance when determining significant service changes - Denbighshire County Council*' highlighted that:

"The Council's vision and strategy provides a clear framework to shape and drive significant service changes"

"The Council actively engages with stakeholders to inform decision-making and is committed to widening involvement to better reflect the diversity of Denbighshire"

During the year, we have carried out a significant amount of work to implement the requirements of the Future Generation Act's sustainable development principles. We have also launched our Well-being Impact Assessment, which is an on-line, integrated assessment. It incorporates an equality impact assessment and has been designed to assess the likely impact of ideas, policies, reports or projects on the social, economic, environmental and cultural well-being of Denbighshire, Wales and the world. It supports us to consider the impact of our proposals on people who share protected characteristics, the Welsh language, biodiversity, health, community cohesion, economic development, etc.

The approach has been designed to support the development of our thinking and to consider ways to enhance the contribution that our proposals could make to the well-being of future generations. We have presented the Impact Assessment to the WAO and officers from the Future Generations Commissioner's department, and it was well received.

Since its launch, over 150 impact assessments have been initiated. The reports to Cabinet and Council for a decision have generally been accompanied by a well-being impact assessment report and these have informed discussions. We are beginning to see the culture of the organisation change as it responds to the new approach. The quality of the impact assessments has varied, so Corporate Executive Team (CET) randomly samples assessments to discuss every month and a member/officer quality assurance group has been established to provide feedback on impact assessments and will participate in assessments of critical projects.

In addition, we have a variety of other ways to ensure that we define outcomes and the risks to achieving them; manage service users' expectations; consider economic, social and environmental impacts of policies, plans and decisions; and take a longer-term view when making decisions about service provision:

- Council decisions need an assessment of the risk of making and not making the decision.
- We have a risk management framework that includes project, service and corporate risk registers.
- Our Procurement & Commissioning Strategy 2016–2021 specifically refers to and takes account of the Future Generations Act and Denbighshire Well-being Plan. It also requires us to demonstrably be delivering more and better community benefits through the procurement process.
- Discussion between elected members and officers on the information needs of elected members to support decision making.
- A record of decision making and supporting materials.

## Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

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### Good governance means...

The Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of interventions is a critically important strategic choice that the Council has to make to ensure that it achieves its intended outcomes. The Council needs robust decision-making mechanisms to ensure that its defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs, while still enabling effective and efficient operations. The Council may need to review decisions continually to ensure that achievement of outcomes is optimised.

### How we achieve this...

The Council has a robust decision-making mechanism that ensures that its decision-makers receive objective and rigorous analysis of a variety of options, including risks associated with those outcomes.

The recent WAO report '*Good Governance when determining significant service changes - Denbighshire County Council*' highlighted that:

"Accountability and governance arrangements for councillors and officers considering significant service changes are clear and well understood"

"The challenge by councillors of new service delivery proposals is robust"

"The Council proactively reviews and improves the effectiveness of its decision-making arrangements"

Our planning and control cycles ensure that we regularly plan and monitor delivery of strategic and operational plans, priorities and targets. In addition, we use a Service Challenge process, which we have developed further this year. The appointment of a full-time Service Challenge Coordinator in April 2016 has enabled a more focused approach to the process. The key development for 2016-17 was the incorporation of the Business Performance Report in the

Service Challenge papers, which brings together information regarding the internal housekeeping aspects of each service, e.g. health and safety, Finance, Internal Audit and HR reports.

In addition, a mini staff survey is undertaken to take into account the views of staff within the respective service at the time of the Service Challenge. It is planned to use the results of the mini staff surveys to produce a report identifying points that services might learn from one another. Additionally, the Service Challenge Coordinator plans to review some aspects of the Service Challenge process and to make recommendations for further improvements to the process that could be implemented in 2017–18.

Over the term of this Council, we will have delivered savings of £30m, mostly through efficiency, while at the same time investing in key priorities through the Corporate Plan. There has been a significant degree of internal consultation on budget proposals and we sought residents' views on proposals where appropriate. In addition to the Impact Assessments that were completed for each budget proposal, an elected member task and finish group has continued to assess the impact of budget decisions on communities. We recognise that the scale of savings that we need to make may not be evenly spread across our services but have robust budget planning processes in place to capture a range of funding scenarios, cost pressures and risks that will allow elected members a range of options to deliver a balanced budget.

The picture for the medium term suggests that funding will continue to reduce and we will have to prioritise the provision of vital services. Budget processes will continue to drive out efficiencies and attempt to minimise the impact on service delivery and the Council will always strive to be as efficient as it can be. However, if funding continues to be cut, whether in cash or real terms, difficult budget decisions will have to be taken that could also shape the way local services are provided in the future. We are a high performing Council and this should not change, even after these cuts are implemented.

During 2016–17, several of our key financial policies and procedures were updated to reflect changes such as those noted above and to ensure that new legislative and other changes were properly reflected in the policies that underpin our governance arrangements.

In March 2017, WAO produced a report '*Savings Planning - Denbighshire County Council*', which concludes that:

"The Council has an effective and well-considered savings planning approach, which is supporting future financial resilience."

The WAO report highlights that the Council has a good track record of delivering planned savings and has an effective financial planning framework, with good links between corporate and medium-term financial planning processes. The report suggests two proposals for improvement relating to development of an income generation/charging policy and more formal risk rating of savings proposals.

We also have a variety of other mechanisms to ensure that we determine the right mix of interventions, plan these interventions, and optimise the achievement of intended outcomes, including:

- Consideration of feedback from citizens and service users when making decisions about service improvements, planning and delivery or where services are no longer required, through our communication and engagement strategies.
- Consideration and monitoring of risks when working in partnership or collaboratively with others.
- A Strategic Planning & Performance team that supports corporate performance monitoring, service planning and monitoring, risk management, performance, service challenges etc.
- Service business planning that includes development, monitoring and reporting on local performance indicators, measures and activities.

## **Principle E - Developing the Council's capacity, including the capability of its leadership and employees**

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### Good governance means...

The Council must have appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve its intended outcomes. The Council must ensure that it has the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because the environment in which the Council operates will change over time, there will be a continuous need to develop the Council's capacity, as well as the skills and experience of individual staff members.

### How we achieve this...

The Council reviews its operations, performance and use of assets regularly to ensure their continuing effectiveness through Service Challenges and quarterly performance reporting. It is also currently undergoing a review of its corporate asset management strategy to provide a basis for developing a more robust and integrated approach to asset management across the Council.

As part of reviewing the way we work, we have continued to review our governance arrangements relating to services provided by alternative service providers, such as third party or arms-length service providers. To ensure that we spend public money wisely and that the public continues to receive good services and value for money, we have continued to develop and have tested new corporate arrangements to assess alternative service provider proposals thoroughly to ensure that decision-making processes are robust and ultimately lead to the right conclusion for the Council.

Strategic HR Business Partners undertake an annual workforce planning exercise with each service to identify their priorities for the coming 12 months. This enables Strategic 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 Strategic HR to develop a Workforce Plan, agreed with SLT. In addition, the data collected from performance appraisals enables Strategic HR to identify corporate people development priorities for the coming 12 months.

Our main governance guidance is provided in our comprehensive Constitution that:

- a) clearly sets out respective roles and responsibilities of elected members and officers, particularly relating to governance;
- b) includes a formal scheme of delegation and reserve powers for decision-making; and
- c) ensures that there is a shared understanding of roles.

Our Constitution also includes a protocol to ensure that elected members and employees understand each other's roles and that they work effectively together. We have also 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.
- Our Monitoring Officer is responsible for ensuring that the organisation follows agreed procedures and complies with all applicable statutes and regulations.

The Council is proactive in developing the capabilities of elected members and senior management to achieve effective leadership. There is a process in place for appraising the performance of Cabinet Members by the Leader, which has been strengthened by aligning their priorities to the Corporate Plan. Portfolio Profiles created for each Cabinet Member are more user-friendly and include Cabinet Members' aligned Corporate Plan Priorities, and indicate the measures that have been put in place to achieve the priorities within the current Corporate Plan, together with the aligned risks from the Corporate Risk Register.

During their appraisals, Cabinet Members are encouraged to share with the Leader any areas where they feel they have performed well or where they may require additional support. They are asked whether they have any training requirements and are encouraged to complete a Personal Development Plan and an Annual Report. Cabinet Members are encouraged to participate in regional working and to attend Scrutiny Committee meetings when possible, particularly when there is a discussion about an item relevant to their portfolio.

The Leader continues to encourage feedback from SLT, which is discussed with the Cabinet Members during their appraisals. Regular meetings are convened between Cabinet Lead Members with their relevant Heads of Service and Corporate Directors.

As we are nearing the end of this term of Council, the Leader has conducted exit interviews with all of his Cabinet Members to gain feedback on how things have worked for them during the Council term. A series of questions has been developed asking them about the support they have received; frequency of their 1:1 meetings with their relevant Corporate Director and Heads of Service; and what training is required at the beginning to assist a Cabinet Member in progressing their portfolio objectives, understanding service plans, corporate risk register, Well-being Impact Assessments, media awareness and social media. All of the responses received will be collated and formulate an action plan for discussion with the Chief Executive, Head of Legal, HR and Democratic Services and the Democratic Services Manager so this can be included in the induction sessions for the new Cabinet.

Academi Wales, the Welsh Government and Welsh Local Government Association continue to work in partnership with the Local Government Association to deliver the Leadership Programme for councillors, which the Institute of Leadership and Management, the UK's leading awarding body for leadership and management, recognises. Five out of the eight current Cabinet Members have now completed the programme.

We have carried out a significant amount of work during the year to develop our senior and middle managers. Our Strategy for Leadership 2014–2017 encompasses leadership attitudes and behaviours, management skills and a responsibility to create a collective leadership culture and capability. Our vision is to have individual leaders who are role models, displaying our identified leadership attitudes and behaviours. They are people we trust and



who create a culture of trust, who work together to achieve results and who learn from each other to deliver our shared management responsibilities.

As part of this development we are highlighting the difference between leadership and management and have developed key principles of leadership for the Council:

- Creating a collective culture of learning from experience and becoming a learning organisation
- Using a coaching style
- Giving and receiving feedback
- Being reflective and self-aware
- Working collectively and collaboratively
- Learning from each other

The Strategy is ongoing and aims to:

- Develop better working relationships between managers and staff
- Allow us to be able to collectively learn from our mistakes
- Become a learning organisation
- Decrease any knowledge gaps
- Ensure that we have competent supervisors, team leaders and managers

We also ensure that we develop the capability of our leadership and other individuals, consider leadership's effectiveness, and review employee performance in a range of ways, including:

- Elected member and employee induction programmes.
- Employee and elected member appraisals.
- Training plans for elected members, particularly when first taking office.
- Developing our 'middle managers' through regular leadership conferences.
- Addressing service succession planning within the Service Challenge process.

- Various HR policies that help to ensure the health and well-being of the workforce and to support individuals in maintaining their own physical and mental well-being.

## **Principle F - Managing risks and performance through robust internal control and strong financial management**

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### Good governance means...

The Council needs to ensure that it has implemented and can sustain an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

It is also essential that the Council has a culture and structure for scrutiny in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery.

### How we achieve this...

The Council has embedded risk management and recognises that it is an integral part of all activities and considers it in all aspects of decision making. We review our Corporate Risk Register formally twice a year, with CET and Cabinet reviewing risks together, reviewing mitigating actions and the external environment to assess the risk score and adding new risks as appropriate. Corporate Governance Committee monitors risk management arrangements and reviews the Corporate Risk Register.

We have an independent and objective Internal Audit service providing assurance across the whole range of the Council's services, including partnerships and alternative service providers. The service particularly focuses its work on key priority areas and corporate risks and its programme of work

ensures that all corporate risks are considered, either within agreed corporate and service projects or within a specific risk management project that picks up any remaining corporate risks not reviewed earlier in the year.

The Head of Internal Audit's opinion is that the Council operates a robust system of financial and operational internal controls, has effective governance arrangements and is managing its risks effectively.

We have a robust performance management framework that helps us to manage corporate and service performance effectively. We monitor our performance regularly, take regular reports to Scrutiny Committee and Cabinet meetings and produce an Annual Performance Report to evaluate progress. Our performance continues to be excellent. Our 2015–16 Annual Performance review shows us to be ranked third of all local authorities in Wales for National Strategic Indicators and Public Accountability Measures, an improvement from fourth in the previous year.

The recent WAO report '*Good Governance when determining significant service changes - Denbighshire County Council*' highlighted that:

"The Council monitors service performance and evaluates the impact of individual service change, although at times this is not always timely"

Our Service Challenge process 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 to which the service may need to respond. The Care and Social Services Inspectorate Wales (CSSIW) and WAO have both commended this approach.

The Council has a Corporate Governance Committee that includes the role of 'audit committee'. The Committee is independent from Cabinet and is effective in providing a further source of assurance regarding the Council's arrangements for managing risk and maintaining an effective control environment. During the year, the Committee has called senior management to account on several occasions, particularly following adverse Internal Audit reports, which has contributed to prompter service improvement.

We also operate an effective scrutiny function that provides constructive challenge and debates on policies and objectives before, during and after decisions are made.

The Council continues to develop its information management arrangements to ensure that they are robust for safe collection, storage, use and sharing of data. During the year, the Research and Intelligence Team, Corporate Programme Office and Corporate Information Team combined to form a new team – the Business Information Team. Developments have focused on further reducing information risk and modernising the way that the Council handles information. For example:

- Continued roll-out of EDRMS (electronic document records management system) as a corporate electronic filing structure. The success of the project has been recognised by the Council's Modernisation Board, which has recently agreed to extend funding for the project until March 2019.
- Processes for handling and responding to Access to Information requests have been improved to ensure that adequate provision is made to manage this workload. Performance continues to be good in responding to access requests.
- The modernisation of the Archive Service continued with the launch of a brand new website, which provides access to an online catalogue and digital images of collections.
- A Digital Records Bureau was formed, which enables the Council to accelerate its conversion from paper to digital records. The Bureau has responsibility for digital conversion activities in support of EDRMS implementations, the digital mailroom, modern record file requests and box deposits. The Council is one of the first local authorities in the country to have a digital mailroom.
- The implementation of a new suite of information security policies during 2016 has updated and further strengthened the Council's arrangements for the safe collection, storage, use and sharing of data.
- The introduction of revised data protection regulations will increase requirements in security, handling and sharing of personal data. A plan is currently being developed to assist the Council with meeting these new requirements.

The Council's Information Risk Policy includes a requirement to include specific information in the 'annual governance statement' and to share and discuss this with the Corporate Governance Committee. The Council's Senior Information Risk Officer's (SIRO) report to Corporate Governance Committee for 2016–17 states that:

- There have been no significant breaches of the Data Protection Act in the Council during the year.
- There have been five less serious breaches reported, only one of which was deemed serious enough to report to the Information Commissioner's Office (ICO) but no action was deemed necessary by the ICO. The ICO considered that, although a breach had occurred, the Council's systems were generally robust.
- The ICO has made one recommendation, which is that we should develop a formal policy on staff taking personal data relating to their clients out of the office. This would be instead of the guidelines we currently use, which are advisory only.

Our financial management supports both long-term achievement of outcomes and short-term financial and operational performance. It also supports the delivery of services and transformational change, as well as securing good stewardship. We integrate financial management at all levels of planning and control, including management of financial risks and controls. Internal Audit's annual review our key financial systems provided positive reports during the year, while the WAO provides annual assurance on the financial accounts and statements.

Other ways in which we manage risk and performance and ensure robust internal control include:

- Service Challenges reviewing service risks registers.
- Internal Audit focuses the planning of its work on key priority areas and reports on a wide range of corporate and service areas throughout the year. The service planned to undertake a review of the Council's overall arrangements for managing the risk of fraud and corruption during 2016–17 but, due to resource changes, was unable to do this. It is now planned for early in 2017–18.

- Council decisions are based on clear, objective analysis and advice, pointing out the implications and risks.
- The role and responsibility for scrutiny has been established and is clear in the Council's Constitution.

## **Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability**

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### Good governance means...

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the Council plans and carries out its activities in a transparent manner.

### We achieve this by...

The Council advertises its meetings in advance and publishes its committee papers and reports for the public and other stakeholders in a fair, balanced and understandable style, ensuring that they are easily accessible. Some Council meetings are also webcast to allow wider access. Reports are produced in Cabinet Lead Member names and are restricted to a maximum of four pages to ensure that they are concise, with appendices providing additional information where required. All reports are produced bilingually.

The above reports include regular updates on financial and operational performance. In addition, as well as this annual governance and improvement report, we produce an annual performance report and annual financial statements that are published on our website.

We discuss any reports of external regulators at the relevant management and elected member levels and monitor action plans arising from their reviews. This includes recommendations arising from national WAO studies, which we respond to and take to the relevant Scrutiny Committee, explaining what the report has found and what, if anything, we are doing to incorporate any recommendations arising in the report. Internal Audit also follows up any critical external regulator reports to ensure that improvements are implemented promptly.

The Council's Internal Audit service is effective and works with services to help to deliver improvement across the whole organisation. This includes services



delivered in partnership and through alternative service delivery methods. The Head of Internal Audit has a direct reporting line to the Chair of Corporate Governance Committee and access to the service's Cabinet Lead Member as required. Internal Audit reports are clear and concise, including improvement action plans that it regularly follows up and reports on to ensure that improvements are implemented within timescale.

In addition to the above arrangements, we have a range of ways to ensure that we operate transparently, implement good practice in reporting and ensure assurance and effective accountability:

- Internal Audit reports presented to Corporate Governance Committee. Where Internal Audit provides an adverse report, the service is called to account at the Committee. This report includes an improvement action plan that Corporate Governance Committee will monitor.
- The new process for monitoring alternative service providers also includes an assessment of governance and monitoring arrangements so that any services that are provided through such an arrangement in future have robust governance and reporting arrangements in place from the start. We are also implementing scrutiny arrangements to monitor alternative service providers' financial and operational performance.

## Significant governance issues

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There are no significant governance issues to report this year.

Any other less significant issues that we have identified in our self-assessment above have been included in the Governance Improvement Action Plan that the Corporate Governance Committee monitors. This plan also includes any issues raised in last year's action plan that have not yet been fully addressed.

**We propose over the coming year to take steps to address the issues identified in our Governance Improvement Action Plan 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) .....2017**

**Signed: ..... (Chief Executive) .....2017**

## Appendix A - Governance Improvement Action Plan

Improvement Area	Action	Responsibility	Timescale
<b>Alternative Service Providers</b>			
To ensure that there are robust governance arrangements for services provided by alternative service providers, the Head of Internal Audit had planned to review the Citizens Advice Bureau service arrangements in 2016–17. Due to changes in the team’s capacity during the year, this review will now take place in 2017–18.	The Citizens Advice Bureau service arrangements will be reviewed in 2017–18.	Chief Internal Auditor	By 31 March 2018
The Council has not undergone a review to assess the robustness of its counter-fraud and anti-corruption arrangements.	The Council’s overall arrangements for managing the risk of fraud and corruption will be reviewed in 2017–18.	Chief Internal Auditor	By 31 March 2018
The WAO report ‘ <i>Savings Planning – Denbighshire County Council</i> ’ identified two proposals for improvement to strengthen financial arrangements: <ul style="list-style-type: none"> <li>• Develop an income generation/charging policy</li> <li>• Formally risk rate savings according to achievability and identify sustainable mitigating actions for those classified as high risk.</li> </ul>	Implement proposals for improvement arising from the WAO report ‘ <i>Savings Planning – Denbighshire County Council</i> ’	Head of Finance	By 31 March 2018

Improvement Area	Action	Responsibility	Timescale
<p>The WAO report '<i>Good Governance when determining significant service changes - Denbighshire County Council</i>' identified one improvement:</p> <ul style="list-style-type: none"> <li>The Council's governance arrangements could be strengthened by consistent, timely monitoring of the impact of each significant service change.</li> </ul>	<p>Implement improvements to strengthen arrangements to ensure consistent, timely monitoring of the impact of each significant service change.</p>	<p>Head of Business Improvement &amp; Modernisation</p>	<p>By 31 March 2018</p>
<p>The ICO recommended that the Council should develop a formal policy on staff taking personal data relating to their clients out of the office.</p>	<p>Develop a Council policy in this area. Initial thinking is that it will raise some technology-based issues, especially in Community Support Services, where the Council or its partners still use some paper systems. It may be necessary to tackle these in a phased way, perhaps in line with more general initiatives to digitise the Council's processes.</p>	<p>Business Information Team Manager</p>	<p>By 31 March 2018</p>