

# **Annual Governance Statement 2020 - 2021**

# Annual Governance Statement

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## Introduction

Denbighshire County Council (the Council) is responsible for making sure that its business is carried out in accordance with the law and proper standards. The Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018) require the Council to conduct a review on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

The statement has been prepared in accordance with the guidance produced by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) – ‘Delivering Good Governance in Local Government Framework’ (2016). This is to show that the Council:

- Conducts its business in accordance with relevant laws and regulations;
- Properly accounts for and safeguards public money;
- Uses its resources economically, efficiently and effectively to achieve agreed priorities that benefit local people.

The Council has adopted the ‘Core Principles’ which underpin the CIPFA / SOLACE framework to form its Corporate Governance Framework. The seven core principles are set out below:

- A. Behave with integrity
- B. Engage with stakeholders
- C. Define outcomes
- D. Ensure planned outcomes are achieved
- E. Develop capacity, capability and leadership
- F. Manage risks and performance effectively
- G. Demonstrate transparency and accountability

The review against the CIPFA/SOLACE framework highlights if there are opportunities to improve the Council’s arrangements. Where this is the case, an action plan is included to ensure that the necessary action is taken.

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## **The Governance Framework**

### **Principle A - Behaving with integrity, with commitment to ethical values, and respect for the rule of law**

The Council's Constitution includes the Codes of Conduct for members and officers and demand a high standard of behaviour. Mandatory training for officers has been deployed to ensure that staff are aware of the code of conduct and other key policies. These are supported by more detailed guidance such as the Strategy for the Prevention and Detection of Fraud, Corruption and Bribery, Whistleblowing Policy, Financial Regulations and Contract Procedure Rules. The Head of Legal, HR & Democratic Services (Monitoring Officer) and Head of Finance & Property Services (Section 151 Officer) both have responsibilities to ensure that Council decisions meet legal requirements.

An internal audit review of Ethical Culture resulted in an agreed action plan to address areas where improvement was required to include the updating of the Officer's Code of Conduct.

### **Principle B - Ensuring openness and comprehensive stakeholder engagement**

The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards. Stakeholder engagement in response to Covid-19 has developed to ensure coordinated response involving multiple organisations and agencies. The resident survey informs community engagement strategies as well as service.

Stakeholder engagement is due to be expanded to meet the requirements of the Local Government and Elections (Wales) Act 2021 to inform the Council's performance self-assessment.

The Council publishes information on the website and all Council meetings are now webcast. Online meetings have been set up to maintain social distancing in response to Covid-19 and all council meetings are now held virtually.

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Communication channels involve press releases and online releases through social media channels (Facebook and Twitter) and the County Conversation portal.

Proactive shielding calls were introduced early in the year to persons vulnerable to Covid-19. The council is preparing to formulate the next corporate plan and focusing on engagement at this stage.

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

The strategic vision for Denbighshire is set out in its Corporate Plan. Within it, the Council defines specific priorities and outcomes to be achieved and this is overseen by the Corporate Plan Programme Board.

While corporate projects were affected early in 2020-21, most of their delivery continued in the midst of the Covid-19 pandemic. In the Summer 2020, the Corporate Plan Programme Board reaffirmed its commitment to the existing Corporate Plan priorities and projects, which were still deemed relevant despite Covid-19. A separate programme board is focused on ensuring the Council's finances and services are sustainable.

A Wellbeing Impact Assessment is completed to inform significant decisions this has been updated to consider impact on Climate Change and Socio-economic equality duty.

Transaction are increasingly made available online with a superfast broadband project in progress to increase the availability to Denbighshire households and businesses.

The Council's Climate and Ecological Change Strategy sets out how the Council will achieve its ambition of becoming a net carbon zero authority by 2030. Work is underway to ensure that this is embedded throughout the council's decision making processes and systems.

## **Principle D - Determining the intervention necessary to achieve intended outcomes**

Quarterly Performance reports track the performance of all Council activities in terms of key performance indicators and delivery of key outcomes. This process was disrupted due

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to staff redeployment to support critical service in response to Covid-19 and the quarter one performance report was not completed as a result. Arrangements have since resumed to business as usual and reports highlight remedial actions being taken where slippage does occur.

Senior Management and Members (via Scrutiny committees and the Governance & Audit Committee), ensure the Council remains focussed on achieving its objectives and priorities. The Corporate Executive Team (CET) has been re-established and supports the two Corporate Directors who are covering the Chief Executive duties on an interim basis until a new Chief Executive Officer is appointed. CET and Corporate Plan maintains oversight over the projects and delivery of the major change activities which the Council is investing in.

Despite Covid-19 pandemic's impact in March 2020, service business plans were completed with the annual performance report produced. While the service challenge process was suspended during the year while service focused on the pandemic and then on recovery, this will be reintroduced in the Summer 2021.

The Annual Performance Report for 2020-21 is being drafted to encompass a review of Corporate Health and to fulfil the new requirement of the Local Government & Elections (Wales) Act 2021 which comes into effect in May 2022.

Some activity was suspended during the Council's initial response to the Covid-19 outbreak; the council then initiated its recovery plans comprising 17 recovery themes to restore services to the public in a Covid-secure manner and to support staff, communities and businesses through what has been a very challenging period.

## **Principle E - Developing capacity, including the capability of leadership and individuals within the Council**

Development is directed by the leadership strategy, apprenticeship schemes and an e-learning portal is used to develop staff at all levels.

The Council also works across a broad set of partnerships and collaborative arrangements, and uses commissioning and procurement processes to maximise capacity

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by delivering services in the most effective and efficient way. A partnership (Alternative Service Delivery model) toolkit has been approved to set out key requirements and tools for ensuring partnerships are managed effectively.

A redeployment bureau was established quickly during the Covid-19 pandemic to reallocate staffing resource to services experiencing capacity shortages.

Workforce planning was suspended during the period and due to be reintroduced to ensure suitable arrangements are in place where there are capacity shortages or resilience concerns.

A New Ways of Working Project is underway with an element focusing on improving arrangements for home and remote workers and supporting staff with future working patterns.

Training for members is also being arranged to cover ICT literacy and awareness of key policies.

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

Corporate risk registers are updated twice yearly, with significant risks brought to the attention of senior management and members. Risk Appetite statement has been defined and reviewed with members and senior management to ensure acceptable level of risk is being taken and recently updated to set the risk appetite for safeguarding and environmental risk. Internal Audit assess the overall quality of risk management, governance and internal control and agree actions for improvement as necessary.

The Council has a strong track record in financial management, delivering services within budget and timely production of the accounts in response to the early closure requirements. Despite the pandemic, the Council managed to close its accounts for 2019/20 in keeping with the original deadline.

The Covid-19 response, including increased expenditure (e.g. PPE) and loss of income (leisure, parking etc) has caused significant pressure on the Council's financial situation, with administration of Welsh Government grants relating to business rates, social care



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bonus payments and free school meals at speed. A Covid-19 Financial Strategy was produced in May 2020 providing a planned response to the emergency situation. Welsh Government support has enabled the council to continue its essential services and, in doing so, support its communities and businesses. The council undertook a review against the Financial Management Code to meet new requirements.

While information governance was considered to be sound overall; the pandemic has exposed instances of weaknesses caused in part by different working practices (e.g. majority of staff working from home) that previously were not considered a concern; revised Data Protection e-learning training has been deployed to refresh staff awareness.

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

The external assessment of Internal Audit confirms it conforms to the Public Sector Internal Audit Standards. External regulators provide independent assessments, notably: Audit Wales, Care Inspectorate Wales, Estyn and Ombudsman for Wales; overall positive results with no significant issues raised.

The Council provides clear and accurate information, and has developed both its website and the format of Council reports to improve transparency and accessibility. The website has been updated to meet Accessibility Standards. Minutes of meetings and key decisions are published on the Council's website.

At the end of March 2020, Council meetings were suspended until it was safe to resume and online meetings were established during the course of the year which are now made available to the public in accordance with legislative requirements.

## **Covid-19 Impact on Governance**

The Covid-19 pandemic has caused a significant impact to the Council and our residents, requiring us to adapt the way we deliver services to our residents as well as creation of new services. The Council had a significant role in responding to the pandemic under the

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Civil Contingencies Act. This resulted in temporary changes to governance arrangements, including postponement of some council meetings, and prioritisation of service delivery to cope with changing demand. The Council continues to work in partnership with Welsh Government, NHS Wales and Public Health Wales to take necessary action in containing and delaying the spread of the virus. The Council established the Strategic Emergency Management Team (SEMT) comprising senior management, HR, ICT and Lead Members to monitor and respond to the emergency situation.

As reported in last year's Annual Governance Statement:

“Social distancing requirements mean that all Council meetings had to be suspended until online meetings were established in line with legislative requirements and the Local Authorities (Coronavirus)(Meetings)(Wales) Regulations 2020 under powers granted to Welsh Government under the Coronavirus Act 2020. Cabinet continued to meet informally with decisions delegated to the Leader on a temporary basis until provision was in place allowing Cabinet to formally make decisions. The law provides that the Leader may exercise all of the functions of the Cabinet that are not otherwise delegated. (s15(4) Local Government Act 2000) and this is reflected in section 6.5.3 of the Constitution. The Monitoring Officer provided a briefing on revised meeting arrangements to all Members to maintain transparency”.

As indicated in last year's Annual Governance Statement, alternative arrangements were initially introduced as agreed between Cabinet and Group Leaders to ensure proactive engagement of the wider elected membership. Group Leaders met remotely with the Chief Executive, Leader, Monitoring Officer and s151 Officer met on a weekly basis for a briefing on the management of the crisis and proposals for recovery. Group Leaders could then brief their respective groups and call upon Lead Members and Lead Officers to attend Group Leaders' meetings or Group meetings where further information or discussion is required. Formal call-in arrangements were also available should the requisite number of members wish to challenge a decision. All council formal meetings were re-introduced virtually by September 2020 and the interim arrangements were no longer required.

The Council's remote meeting system was unable to accommodate simultaneous translation until January 2021. The Council was therefore unable to allow public access to

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its formal meetings until it addressed the issue. The Local Democracy Reporter was invited to all formal meetings to ensure that there was some external representative of the public in attendance. All meetings are now webcast increasing transparency and openness.

The council's response also included the following:

- The Council implemented, with some adaptation, its emergency management processes and was represented on the regional emergency infrastructure.
- Enactment of business continuity processes through identification of essential services and redeployment of staff from non-critical services to support where there were capacity shortages.
- Delivery of core services continued during the emergency response phase where it was safe to do so.
- Following government lockdown announcement in March 2020, a majority of the workforce were able to work from home with ICT equipment and software quickly deployed to those who required it. During the period, all members and many employees have been able to work from home safely and securely.
- The Council implemented measures to ensure only key employees would be authorised to work from a council office. The Council also implemented shielding arrangements for employees classed as high risk.
- Communications arrangements put in place to support providing public health advice and information and council service and support to reach key audiences e.g. residents and businesses.
- A Covid-19 Financial Recovery Strategy covering the council's response to the significant financial pressures caused by Covid-19.
- Implementing processes at speed in response to Welsh Government grants for financial support to small businesses, and those in retail, hospitality and leisure sectors. Also, social care bonus payments, free school meal payments.
- Communications and support to staff with health messages to ensure that health and wellbeing was actively considered and managed.

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The impact that Covid-19 has had on our communities including businesses will continue to be reviewed as the economy re-opens and restrictions are lifted. The Council is committed to ensuring it responds appropriately to the opportunities, challenges and issues Covid-19 presents.

## **Impact of EU Exit on Governance**

The United Kingdom's (UK) left the European Union (EU) on 31 January 2021 following a period of transition. This has brought about widespread changes for British businesses and citizens. A Brexit risk register is maintained and reported to Senior Management and Cabinet. Attendance at WLGA Advisory Panel to share government guidance, risk and issues. As most EU rules and laws have or will be converted to UK law, there are other changes for the council, such as: regulatory, possible changes to data governance and UK migration rules which have a bearing on recruitment processes. We also await the outcome of a review of EU procurement law. In line with Government guidance, the Council has provided information about the EU Settlement Scheme for EU Citizens living in the area with guidance for employees affected to encourage them to register.

Advice and guidance targeting local businesses trading with the EU and ensuring that businesses have the necessary support to remain legally compliant.

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## Key contributors to developing and maintaining the Governance Framework

Key Contributors	Contribution
Council	<ul style="list-style-type: none"> <li>• Approves the Corporate Plan</li> <li>• Endorses the Constitution</li> <li>• Approves the policy and financial frameworks</li> </ul>
Cabinet	<ul style="list-style-type: none"> <li>• Primary decision making body of the Council</li> <li>• Comprises of the Leader of the Council and Cabinet members who have responsibility for specific portfolios</li> </ul>
Governance & Audit Committee	<ul style="list-style-type: none"> <li>• Help raise the profile of internal control, risk management and financial reporting issues within the Council, as well as providing a forum for the discussion of issues raised by internal and external auditors</li> </ul>
Standards Committee	<ul style="list-style-type: none"> <li>• Standards Committee promotes high standards of conduct by elected and co-opted members and monitors the operation of the Members' Code of conduct</li> </ul>
Programme & Project Boards	<ul style="list-style-type: none"> <li>• Track efficiencies, highlighting risk and mitigating actions to achievement</li> <li>• Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery</li> <li>• Plan communication and engagement activity</li> </ul>
Scrutiny Committees	<ul style="list-style-type: none"> <li>• Review and scrutinise the decisions and performance of Council, Cabinet, and Committees</li> <li>• Review and scrutinise the decisions and performance of other public bodies including partnerships</li> </ul>
Licensing and Planning Committees	<ul style="list-style-type: none"> <li>• Licensing Committee considers issues relating to taxis, entertainment, alcohol, food premises and miscellaneous licensing functions.</li> <li>• Planning Committee makes decisions on development control issues, including applications for planning permissions.</li> </ul>
Corporate Executive Team, Senior Leadership Team & Managers	<ul style="list-style-type: none"> <li>• Responsible for developing, maintaining and implementing the Council's governance, risk and control framework</li> </ul>

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Key Contributors	Contribution
	<ul style="list-style-type: none"> <li>• Contribute to the effective corporate management and governance of the Council</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>• Provide an independent opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements</li> <li>• Delivers a programme of risk based audits, including counter fraud and investigation</li> <li>• Identifies areas for improvement in the management of risk</li> </ul>
External Audit	Audit and report on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources

[Caption; Key contributors to developing and maintaining the Governance Framework]

The Governance Framework above was adversely impacted by the Coronavirus Pandemic. Emergency provision contained within the Constitution along with Schedule of Delegations enabled the Council to continue to operate and take key decisions while alternative arrangements were established to enable council meetings to take place remotely. Cabinet met informally at the start of the financial year and members indicated how they would vote which was then reflected in a delegated decision taken by the Leader. From June 2020 onwards, council meetings were gradually reinstated as soon as technology capabilities permitted with all democratic meetings resuming by September 2020.

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## Review of Effectiveness

The effectiveness of governance arrangements is measured in several ways, and in 2020/21, the first year in which the Council has prepared group accounts, the Council has considered its relationship with its group entities, i.e. Denbighshire Leisure Limited, in conducting its review.

The Corporate Governance Officer's Group reviewed the Council's arrangements against the CIPFA/Solace Framework in March and April 2021 and confirmed that governance arrangements such as the Code of Conduct, Financial Regulations, and other corporate processes have broadly operated as intended during the year; there were instances of non-compliance as highlighted by Internal Audit reviews. The Corporate Governance Framework is updated to reflect the current arrangements and will continue to be updated to reflect developments and any further implications due to the Covid-19 pandemic.

## Internal Sources of Assurance

The [Annual Performance Report 2020-21](#) is the first report to present information responding to the new duty, under the Local Government and Elections (Wales) Act 2021, for the council to self-assess its performance. This summarises performance against seven governance areas: Corporate Planning, Financial Planning, Performance Management, Risk Management, Workforce Planning, Assets, and Procurement.

## Internal Audit Annual Opinion

One of the key assurance statements, in reviewing effectiveness, is the annual report and opinion of the Chief Internal Auditor. Internal Audit operates a flexible audit plan which enables it to refocus on changing priorities during the year. The focus of Internal Audit work in 2020/21 was to audit areas considered to be a higher risk due to the pandemic and the resultant changes to control processes. The Chief Internal Auditor's opinion is that the council's governance, risk management and internal control arrangements in the areas audited continue to operate satisfactorily. While the scope of assurance work was reduced due to the pandemic and redeployment of audit staff, reasonable assurance can be given that there have been no major weaknesses noted in relation to the internal control systems operating within the Council. Improvement in the following areas were recommended:

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Internal Audit Low Assurance Reports Issued in 2020/21	Agreed actions relating to significant risks/issues
Provision of Homeless Accommodation	<p>Improvements to strategic corporate oversight.</p> <p>Action plan to reduce reliance on the long term use of unsuitable emergency and temporary accommodation with oversight by the Strategic Homelessness and Housing Group</p> <p>Introduce arrangements to ensure effective property management</p> <p>Develop and embed performance and quality monitoring.</p>
Queens Buildings	<p>Review and update Project Management guidance and stage review group process</p> <p>Revised business case to detail more realistic costings.</p> <p>Protocol to be developed to detail how and when Legal Services should be engaged.</p>
Direct Payments for Children	<p>Joint working group to commission Direct Payment support service provider.</p> <p>Improve recording of direct payment information to enable effective monitoring through development of procedures and guidance and, where possible, IT system enhancements.</p> <p>Carry out quality assurance reviews to ensure recording standards are being complied with.</p>
Contract Management	<p>Senior Management to review contract management arrangements within their own services to ensure consistency and compliance with Contract Procedure Rules</p> <p>Training to be rolled out across the council to all staff who are involved in contract management.</p> <p>Ensure contracts are included on the central contracts register.</p> <p>Improve arrangements for monitoring contract performance and managing contract related risks.</p>

[Caption; Issues identified by internal Audit 2020/21 and agreed actions to mitigate the issues.]



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## Chief Finance Officer Statement on Compliance with the Financial Management Code

The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The CIPFA FM Code therefore sets the standards of financial management for local authorities.

The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium- and long-term finances of a local authority;
- manage financial resilience to meet foreseen demands on services; and
- financially manage unexpected shocks in their financial circumstances.

Each local authority must demonstrate that the requirements of the Code are being satisfied.

As Section 151 Officer I have the Statutory Responsibility (supported by the Corporate Leadership Team and Elected Members) for ensuring compliance with the FM Code. I have carried out a full assessment Denbighshire's compliance the FM Code, as part of the annual review of the Annual Governance Statement and I can confirm that in my opinion Denbighshire is compliant with the code in the majority of areas. However, areas of improvement have been identified, many of which are already underway, including:

- Review and document complete Capital Process including SIG Terms of Reference, clear decision making, accounting and project management processes.
- Development a clear long-term capital strategy.
- Monitor on-going impact of Covid on services.
- Develop and implement a new Budget Process for 2022/23 and beyond which hopes to embed long term decision-making and consultation as core principles
- We will continue to lobby for multi-year indicative settlement figures from Welsh Government.
- Complete the annual review of the Medium Term Financial Strategy.
- Include Unearmarked Reserves figure in the Corporate Dashboard to compliment the annual outturn projections.

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## Key indicators

The adequacy of governance arrangements can also be gauged using several key outcome indicators:

Key performance indicators	Outcomes 2020/21
Statutory reports issued by the Monitoring Officer (Section 5 - Local Government and Housing Act 1989)	None issued
Proven frauds by councillors or members of staff	None in 2020/21
Ombudsman referrals 2020/21	No complaints upheld
Internal audit reports	4 low assurance reviews
Complaints about elected members	3 in 2020/21
Number of negative reports from our External Regulators	None in 2020/21

## Assurances from External Regulators:

### Audit Wales

The Council's external auditor, Audit Wales, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. The Auditor General gave an unqualified true and fair opinion on the council's financial statements on 15 September 2020.

Annual Audit Summary Report 2020 provided a summary of their audit work which included:

- Well-being of Future Generations Examination – Household Waste Collection (November 2019) concluded that the council has started to apply the sustainable development principle in developing these steps and in taking actions to deliver it. However, there are opportunities to further embed the five ways of working into its decision making and planning

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- Financial Sustainability (March 2020) concluded that the council is in a relatively strong financial position but needs to strengthen its Medium-Term Financial Strategy and control some service overspending to support future financial sustainability.
- Corporate Arrangements for Safeguarding (August 2019) concluded that the council has effective arrangements for safeguarding, but it needs to improve monitoring and performance reporting.
- Social Services Budgetary Pressures (August 2020) concluded that the council has been unable to maximise the potential benefits of partnership working when commissioning and administering funding of residential care and nursing home accommodation for older people in Denbighshire

## Estyn and Care Inspectorate Wales

The Council is subject to Statutory External Inspections from various bodies including ESTYN and Care Inspectorate Wales (CIW). Recent work is summarised below:

- In collaboration with Health Inspectorate Wales (HIW), CIW performed an inspection of the council's older adult services.
- CIW's Annual performance review letter 2019-20 (published July 2020) summarised the council's performance relating to adults and children's social services.
- Estyn published a report on 'Local authority and regional consortia support for schools and PRUs in response to Covid-19' in January 2021. It gave an overview of how local authorities and regional consortia have worked with schools and pupils referral units (PRUs) to promote learning and support vulnerable pupils during the COVID-19 period between June and November 2020, that is the period after the initial lockdown when schools were reopening. Although it is a national report, it references Denbighshire County Council's work during the pandemic.

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## Action Taken in Response to 2019/20 Annual Governance Statement

Last year's Annual Governance Statement highlighted five areas for improvement. The table below sets out the action taken to address these issues during 2020/21:

Improvement areas identified in 2019/20	Progress to date
Review, update and promote the Strategy for the Prevention of Fraud, Corruption & Bribery. <i>Ongoing from 2018/19</i>	A Revised Strategy and Fraud Response Plan was presented to Senior Leadership Team in April 2021 and is due to go to Governance & Audit Committee in July 2021 for approval.
Financial sustainability of the Council is under substantial pressure due to Covid-19 costs and loss of income.	<p>Emergency Financial Strategy reported to Cabinet in May 2020 with action to review and produce a Medium Term Financial Strategy and Plan.</p> <p>Financial position is reported monthly to Cabinet. WG announcement of funding on 17th August and subsequent statements provided further assurance of WG financial support for the rest of 2020/21.</p>
Finalise and promote the Partnership Framework.	Alternative Service Delivery Model toolkit was approved by Governance & Audit Committee in March 2021.
Ongoing work to promote the officer's code of conduct, declaration of interest, gifts and hospitality and whistleblowing policy.	<p>Mandatory e-learning modules rolled out to all staff and HR monitors completion.</p> <p>Presentations to service management meetings began before the lockdown and put on hold.</p> <p>Internal audit of Ethical Culture with an agreed action plan which includes updating the Officer's code of conduct and improving systems for declaration of interests and gifts and hospitality.</p>
Online meetings for council, scrutiny and Governance & Audit Committee to be established that is available for the public to attend (e.g. live streaming, webcast).	Remote meetings are now in place for all council democratic meetings using 'Zoom' as it provides simultaneous translations. Since January 2021, these meetings are all broadcasted live to the public and made available via the council's website.

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<b>Improvement areas identified in 2019/20</b>	<b>Progress to date</b>
Covid-19 impact on services (including education and social services) and future provision.	Recovery themes agreed and managed by SLT and relevant Lead Member. Oversight provided by the scrutiny committees and Governance & Audit Committee.  SLT and SEMT meetings also provides oversight over arrangements.
Newly formed alternative delivery vehicle 'Denbighshire Leisure Limited' – review effectiveness of governance arrangements, including management of potential conflicts of interest, and impact of covid-19.	Internal Audit of Denbighshire Leisure Limited at draft award stage and provisionally awarded a medium assurance rating.  A summary from the review will be included in the next Internal Audit Update report to Governance & Audit Committee.
Address contract management weaknesses highlighted by Internal Audit.	Revised action plan agreed for contract management as reported to Governance & Audit Committee in January 2021. Internal Audit will review progress in implementing agreed actions in June 2021 with results due to be reported to Governance & Audit committee in July 2021.

[Caption; Areas of improvements for 2020/21 and progress to date]

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## Improvement Actions Arising from 2020-21 Annual Governance Statement

Looking ahead, the following areas for improvement have been identified to be addressed in 2021/22. This takes into consideration the continued impact of the coronavirus pandemic on governance:

Improvement areas identified for 2021/22	Agreed action
<p>Review and update Officers' code of conduct and the process for capturing and response taken to declaration of interest, gifts and hospitality.</p>	<p>Develop policy &amp; guidance for managers to ensure employees are prompted to declare conflicts of interest, gifts and hospitality and appropriate response taken.</p> <p>Revised system to capture officer declaration of interests and gifts and hospitality</p> <p>Strategic HR Manager by 31/03/2022</p>
<p>Continuing budget pressures and uncertainty over funding. Also, address any actions arising from the review of the Financial Management Code</p>	<ul style="list-style-type: none"> <li>• Review and document complete Capital Process including SIG Terms of Reference, clear decision making, accounting and project management processes.</li> <li>• Development a clear long-term capital strategy.</li> <li>• Monitor on-going impact of Covid on services.</li> <li>• Develop and implement a new Budget Process for 2022/23 and beyond which hopes to embed long term decision-making and consultation as core principles</li> <li>• We will continue to lobby for multi-year indicative settlement figures from Welsh Government.</li> <li>• Complete the annual review of the Medium Term Financial Strategy.</li> <li>• Include Unearmarked Reserves figure in the Corporate Dashboard to compliment the annual outturn projections.</li> </ul> <p>Head of Finance &amp; Property Services by 31/03/2022</p>

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Improvement areas identified for 2021/22	Agreed action
<p>Address contract management weaknesses highlighted by Internal Audit.</p>	<p>Implement revised action plan, as reported to Governance &amp; Audit Committee in January 2021.</p> <p>Head of Legal, HR &amp; Democratic Services and Head of Finance &amp; Property Services by 31/07/2021.</p> <p>Internal Audit to follow up progress in implementing agreed actions.</p> <p>Chief Internal Auditor by 31/07/2021.</p>
<p>Implement requirements of the Local Government &amp; Elections (Wales) Act 2021.</p>	<p>Convene a Member/Officer Working Group to ensure requirements are met. To include:</p> <ul style="list-style-type: none"> <li>• Changes to Governance &amp; Audit Committee composition</li> <li>• Annual Performance Review and Peer Assessment</li> <li>• Establish Corporate Joint Committees</li> </ul> <p>Head of Legal, HR &amp; Democratic Services and Strategic Planning &amp; Performance Manager by 31/07/2021</p>
<p>Workforce capacity and resilience and reliance on key positions</p>	<p>Recruit vacant Senior Management Team positions i.e. Chief Executive and Head of Education &amp; Children Services. Also, ensure formal induction and on boarding for the new appointees.</p> <p>CET / Strategic HR Manager, Leader &amp; Director Communities by 31/12/2021</p> <p>Review and update the workforce plan and coordinate an assessment with services.</p> <p>Strategic HR Manager by 31/3/2022</p> <p>Internal Audit review of workforce planning process.</p> <p>Chief Internal Auditor by 31/3/2022</p>

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Improvement areas identified for 2021/22	Agreed action
	<p>New Ways of Working Project includes a work-stream developing new HR policies to support future work patterns</p> <p>Head of Business Improvement &amp; Modernisation / Head of Legal, HR &amp; Democratic Services by 31/10/2021</p>
Review the Whistleblowing Policy	<p>Update the policy capturing lessons learned from recent concerns raised.</p> <p>Head of Legal, HR &amp; Democratic Services by 31/03/2022</p>
Uncertainty over future funding arrangements following EU Exit.	<p>Resources and processes to be put in place to ensure that the Council maximises the opportunities in relation to the new UK Funding Initiatives including the UK Levelling Up Fund, UK Community Renewal Fund and the forthcoming UK Shared Prosperity Fund. Also, ensure coordination with other funding streams e.g. WG Transforming Towns Fund.</p> <p>CET / Corporate Director: Economy &amp; Public Realm (Lead) by 31/10/2021</p>

[Caption; Areas of improvements for 2021/22 and agreed actions]

The areas for improvement that we have identified will be monitored by the Governance & Audit Committee and the Corporate Governance Officers Group. This plan also includes any issues raised in last year's action plan that have not yet been fully addressed.



# Annual Governance Statement

## Certification

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.

**Name** Cllr Hugh Evans, Leader of the Council

**Signed**

**Dated**

**Name** xxxx, Corporate Director xxx / Acting Chief Executive

**Signed**

**Dated**