

## Denbighshire County Council Annual Audit Summary 2021

This is our audit summary for Denbighshire County Council. It shows the work completed since the last Annual Audit Summary, which was issued in February 2021. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

## About the Council

### Some of the services the Council provides



#### Key facts

The Council is made up of 47 councillors who represent the following political parties:

- Welsh Conservatives 15
- Independent 11
- Labour 11
- Plaid Cymru – The Party of Wales 10

The Council spent £203 million on providing services<sup>1</sup> during 2020-21, the 16th highest spending of the 22 unitary councils in Wales.

<sup>1</sup> We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

## Key facts

As at 31 March 2021, the Council had £48.9 million of useable financial reserves<sup>2</sup>. This is equivalent to 24.1% of the Council's annual spending on services, the 12th highest percentage of the 22 unitary councils in Wales<sup>3</sup>.

Denbighshire County Council has seven (12%) of its 58 areas deemed the most deprived 10% of areas in Wales, this is the seventh highest of the 22 unitary councils in Wales<sup>4</sup>.

The population of Denbighshire is projected to increase by 2.8% between 2020 and 2040 from 95,655 to 98,365, including a 9.1% decrease in the number of children, a 4.8% decrease in the number of the working-age population and a 29.4% increase in the number of people aged 65 and over<sup>5</sup>.

## The Auditor General's duties

### We completed work during 2020-21 to meet the following duties

- **Continuous improvement**

The Council had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2020-21.
- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

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<sup>2</sup> We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

<sup>3</sup> Source: 2020-21 Statement of Accounts

<sup>4</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>5</sup> Source: Stats Wales



We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



**To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.**

## What we found

### Audit of Denbighshire County Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

#### For 2020-21:

- the Auditor General gave an unqualified true and fair opinion on the Council's group financial statements on 29 November 2021.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 2 August 2021 was generally good.
- a number of uncorrected misstatements in the financial statements arising from our audit work were reported to the Governance and Audit Committee in our Audit of Financial Statements Report in November 2021.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- the Auditor General issued the certificate confirming that the audit of accounts for 2020-21 has been completed.

### Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

## Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

As part of our examination of councils' performance assessments covering the 2020-21 financial year, we noted a reduced reference to comparative performance information although we recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money and will be a challenge for councils to consider particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.

## Financial sustainability

During 2020-21, we examined the financial sustainability of each council in Wales. In Denbighshire County Council we concluded that the Council is well placed to maintain its financial sustainability over the medium term – it has a good track record of managing its budget and continues to work to further improve its financial position.

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021. [Financial sustainability report for 2021.](#)

## Recovery planning

Denbighshire County Council's recovery from the impact of the pandemic benefited from proactive engagement at both a regional and local level and the Council's planning and decision-making processes showed strong and consistent collective leadership. The Council's approach to recovery benefited from positive officer/member relations and addressed the challenges posed by the pandemic. Some actions taken during the response to the crisis, such as maintaining a focus on its climate change ambitions and well-established financial reporting arrangements were particularly positive.

[North Wales Economic Ambition Board – Progress Review of the North Wales Growth Deal:](#)

During 2020-21, we sought to answer the question: 'In delivering its overall goals, is the North Wales Economic Ambition Board (NWEAB) ready and able to adjust to meet the changing economic circumstances?' The NWEAB is made up of representatives from the six North Wales councils. We concluded in our report that the NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office; external factors may impact on the planned ambitions and NWEAB is adapting to accommodate these.

## Delivering Environmental Ambitions

During 2020-21, we reviewed whether the Council was making clear progress on delivering its environmental ambitions to become a net carbon zero and ecologically positive Council by 2030. We concluded in [our report](#) that the Council is making excellent progress in embedding its environmental ambitions. We noted that the Council has moved quickly to embed its environmental ambitions in its strategic planning frameworks, it is communicating its ambitions well and has put baseline measures in place using an established performance framework. The full cost of the ambition is not yet known, more comprehensive stakeholder mapping would further strengthen engagement, and reporting over the next year will help the environmental ambitions to embed and the measures to evolve.

## Commissioning Older People's Care Home Placements

During 2020-21, we examined whether North Wales councils and Betsi Cadwaladr University Health Board (the Health Board) as partners in the Regional Partnership Board were collaborating effectively in the strategic commissioning of older people's care home placements. We concluded in [our report](#) that partners are working individually and collectively to provide care home placements for vulnerable service users. This is made more difficult by complex national processes, resulting in a significant focus on costs, which causes division amongst partners and has the potential to impact adversely on service users and their families. Strengthening accountability and developing a regional strategy and delivery plan have the potential to drive positive change and better partnership working, especially in relation to complex and more specialist care.

In concluding this work, we recognised that responsibility for the current challenges in the commissioning arrangements was widespread. The Welsh Government sets the national framework which is complex, and local partners have responsibility for the way that national policy and guidance are implemented. We have therefore reported locally to councils and the Health Board, and nationally to the Welsh Government, recommending actions that these bodies should take.

## Other inspectorates

We also took into account Assurance Check findings undertaken by Care Inspectorate Wales (CIW) and Estyn reports as well as any subsequent actions taken by the Council in response. CIW and Healthcare Inspectorate Wales published their joint National review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales. They identified a number of key findings and recommendations in [their report](#). In November 2021, CIW also published its [national overview report of assurance checks in Wales](#) and [Let me flourish](#), a national review of early help, care and support and transition for disabled children in Wales.

In November 2021, CIW published its Assurance Check letter for the Council which summarises the findings of the CIW assurance check carried out in June and July 2021. The purpose of this assurance check is to review how well the Council's social services continue to help and support adults and children with a focus on safety and well-being. CIW have identified strengths and areas for priority improvement and they will review the progress of these areas through their performance evaluation review meetings with the Council's heads of service and director. CIW expects the areas of improvement they have identified to be included in the Council's improvement plans. There were no other Denbighshire County

Council inspections in this period, but Estyn has resumed its inspection of local schools in Denbighshire, and services that are registered with CIW in Denbighshire are subject to regular review.

## Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

### Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these services in the face of this rising and complex demand. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Our [report](#) was published in April 2021.

### Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

### Planned work for 2021-22

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- **Assurance and risk assessment including a focus on:**
  - The Local Government and Elections Act (Wales) 2021
  - Recovery planning
  - Carbon reduction plans

- Self-assessment arrangements
- Financial position
- **Springing Forward – as the world moves forward, learning from the pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.**
- **Driving sustainable improvement – this review looks at whether the Council’s performance management arrangements are supporting the delivery of the Council’s corporate priorities, with opportunities to strengthen arrangements in some areas.**
- **Improvement reporting.**

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.