

<b>Report to</b>	Council
<b>Date of meeting</b>	14 <sup>th</sup> November 2023
<b>Lead Member / Officer</b>	Gary Williams, Corporate Director: Governance and Business
<b>Report author</b>	Gary Williams, Corporate Director: Governance and Business
<b>Title</b>	Draft Annual Report of Governance and Audit Committee

## **1. What is the report about?**

1.1. This report is about the annual report of the Governance and Audit Committee to Council.

## **2. What is the reason for making this report?**

2.1. To account to the Council concerning the work of the Governance and Audit Committee for the municipal years 2020/21, 2021/22 and 2022/23

## **3. What are the Recommendations?**

3.1. That Council continues to take account of the importance of good corporate governance and notes the content of the report, particularly in regard to:

- the continued effectiveness of the corporate risk register,
- the Committee's concerns about the potential impacts on service delivery and key governance functions of difficulties in staff recruitment and retention,
- the importance of the Climate and Ecological Change Strategy

## **4. Report details**

4.1. The Council is statutorily required under the provisions of the Local Government Wales Measure 2011, as amended, to have a Governance and Audit

Committee. The Committee is the Council's designated committee for this purpose. The statutory role of the Audit Committee is to:

- review and scrutinise the authority's financial affairs,
- make reports and recommendations in relation to the authority's financial affairs,
- review and assess the risk management, internal control and corporate governance arrangements of the authority and make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements
- oversee the authority's internal and external audit arrangements,
- review the financial statements prepared by the authority
- review and assess the authority's ability to handle complaints effectively and to make reports and recommendations about that ability(since May 2022)

The Committee is also the body that is responsible for keeping the Constitution under review.

4.2. Prior to May 2022, the Committee was comprised of six elected members and a lay member. The Chair of the Committee at this time was Cllr Barry Mellor. This conformed to the requirements of the legislation in force at that time.

4.3. The Local Government and Elections (Wales) Act 2021 amended the position. The law now requires that a third of the Committee's members must be lay members. There are therefore six elected members on the Committee and three lay members. There is also a statutory requirement that the Chair of the Committee must be a lay member. The current Chair of the Committee is Mr. Dave Stewart.

4.4. Each meeting of the Committee is attended by the Council's s151 Officer, Monitoring Officer and Head of Internal Audit or their representatives. In addition, each meeting is attended by officers of Audit Wales.

4.5. This report covers the periods 2020/21, 2021/22 and 2022/23. This is as a result of the annual reports for 2020/21 and 2021/22 being delayed.

4.6. A brief overview of the Committee's business over those periods is contained in the appendices to this report.

4.7. The edition of this report to be presented next year (in respect of 2023-24), as well as setting out how the Committee has met its terms of reference, will also include the results of the Committee's annual self-evaluation of its effectiveness

against the 'Position Statement: Audit Committees in Local Authorities and Police' and associated guidance, which was published by the Chartered Institute of Public Finance and Accountancy in 2022. This will enable the Committee to raise any concerns it may have had during the year, what it has done to escalate these and/or make recommendations as necessary.

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

5.1. The Committee performs an important role in respect of the Corporate Plan theme of a well-run high performing Council.

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

6.1. There are no direct costs associated with this report.

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

7.1. No assessment is required for this report.

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

8.1. There have been no consultations with Scrutiny or others for the purposes of this report

## **9. Chief Finance Officer Statement**

9.1. The Governance and Audit Committee plays a key role in helping to ensure Denbighshire is a well-run Council as summarised in Section 4 and detailed in the report. This report has no direct financial impact.

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

10.1. The risk of not having an effective Governance and Audit Committee is that there may be a lack of oversight of the Council's corporate governance which is a key component of good performance. Weak corporate governance can contribute to failures in service delivery.

## **11. Power to make the decision**

11.1. The Council's Constitution requires an annual report to be made by the Committee.

## Appendix 1

### Governance and Audit Committee Annual report 2022/23

During the period of the municipal year 2022/23 the Governance and Audit Committee met on seven occasions.

The Committee received regular update reports from Internal Audit in respect of the work of the audit service, progress against the Audit plan and the outcome of individual audits that had taken place.

The Committee also received the Internal Audit Strategy and the Internal Audit Annual Report which contains the Head of Internal Audit's opinion as to the assurance to be given by the Council's framework of governance, risk management and control. The Internal Audit Opinion concluded that reasonable assurance could be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

The Committee received a number of internal annual reports during this period which included:

**Annual Governance Statement** - The Council has a statutory duty to publish an Annual Governance Statement (AGS) in compliance with the Accounts and Audit (Wales) Regulations 2014, as amended. The report provides the Committee with the opportunity to comment on the annual governance statement separately to the Statement of accounts so that it may be given due consideration.

The AGS for 2021/22 was developed by performing a self-assessment of the Council's governance arrangements against the Framework for Delivering Good Governance in Local Governance (Wales) 2016 edition. This was conducted by an officers group representing the key governance functions from across the Council. The AGS referenced various evidence sources and assurance sources such as the Internal Audit Annual Report, Annual Performance Report, External Audit reports, and risk registers. The AGS contains an action plan in respect of improvements to be made and it was noted that good progress was being made in respect of that plan.

**Annual Corporate Health and Safety report** – this report provides an assessment of the Council’s health and safety systems. During the period covered by this report the assessment was that of medium assurance in respect of the implementation of health and safety systems and employee involvement in health and safety.

**Annual Regulation of Investigatory Powers Act report** – this report relates to the use of covert surveillance powers available to the Council. There had been no use of these powers during the period covered by the report.

**Annual Senior Information Risk Owner report** - this report provides information on the Council’s information governance. This includes information about data breaches of the Data Protection Act that have been subject to investigation by the DCC Senior Information Risk Officer. The report also covers data about Freedom of Information, Environmental Information and Data Protection requests received by the Council, including those that have been referred to the Information Commissioner’s Office (ICO). The report also includes information about Denbighshire’s schools. During the period of the report there had been an increase in the number of data incidents where information had been sent to the wrong recipient. None of these incidents had been considered reportable to the ICO in accordance with the relevant guidance, however, the report described measures to be explored for remote checking of address details to reduce this number in future.

There had been an increase in Freedom of Information requests to pre pandemic levels of approximately 100 per month caused mainly by the return of requestors that had stopped during the pandemic, namely businesses and political parties.

In addition, the Committee receives finance related reports to include the

**Statement of Accounts** – The Committee received reports as to the progress of the statement of accounts. There were delays caused by three main factors.

Firstly, continuing resource difficulties for Audit Wales that resulted in delays to the audit work and a number of staffing changes throughout the audit. Sec

Secondly, an issue that impacted all Welsh local authorities which involved the requirement of the CIPFA LASAAC Code of Practice for Local Authority Accounting in the United Kingdom to account for that infrastructure assets be measured using the historical cost measurement basis and carried at depreciated historical cost. In particular, there were

concerns around the practical difficulties in applying component accounting for the recognition and de-recognition of replaced components of infrastructure assets as most local authorities have been unable to comply with the requirement to assess the net book value of the replaced component and will have treated the amount of the replaced component as zero.

Thirdly, there were issues that have been picked up around asset valuations that were specific to Denbighshire and which involved a great deal of work to rectify.

The second and third issues have been resolved for future years but the first will remain.

**Treasury Management** – the Committee receives two reports each year on Treasury Management. The Council's Treasury Management Strategy Statement sets out how the Council will manage its investments and borrowing. The Committee is required to review this document prior to its approval by Council each year.

**Budget process update** – the Committee received a report setting out the Medium Term Financial Plan and the timetable for the setting of the budget.

The Committee also received a number of reports on other important governance matters.

**Corporate Risk Register** - the Corporate Risk Register is developed and owned by SLT and Cabinet. It is reviewed twice every year by Cabinet at Cabinet Briefing. Following each review, the revised register is presented to Performance Scrutiny Committee, and is shared with the Governance and Audit Committee. The Committee noted the changes that had been made to the risk register in the previous period which included an escalation of the risk relating to a serious safeguarding error to the highest level, and the mitigating measures that had been put in place to manage the risk. The Committee also recognised the increasing interconnectivity between risks and indicated its agreement with a suggested amendment to the Council's risk appetite statement.

**Recruitment, retention and workforce planning** – the Committee had requested this report following previous consideration of a Care Inspectorate Wales Inspection report on the Intake and Intervention Service. That report had identified recruitment and retention difficulties in the service as having an impact on its improvement journey. The Committee

had sought an information report on recruitment and retention in social services as a result of that report and subsequently requested this report on the approach being taken to address recruitment and retention issues across the Council. The Committee recognised the work that was being done to address the issue but remained concerned about the potential impacts on service delivery and, of particular concern to the Committee's role, on the Council's governance functions. The Committee endorsed the suggestion that a report be taken to Performance Scrutiny and asked that its concerns be taken into account by that committee.

**Capital Process and the future of the Strategic Investment Group** – the Committee was asked to comment on proposals for the creation of a Capital Strategy Group to replace the Strategic Investment Group and a new process for the approval of capital schemes.

**Corporate Performance Self-Assessment** - the report was the first statutorily required document written in response to the Local Government and Elections (Wales) Act 2021, which required the Council to produce a Self-Assessment of its performance against its functions. It also responded to the Council's duty around equality monitoring (under the Equality Act 2010 and Wales Measure 2011, which included the Socio Economic Duty) and the contributions to the Well-being of Future Generations (Wales) Act 2015.

Feedback from Governance and Audit Committee was required under the Local Government and Elections (Wales) Act 2021, before approval of the final documents by Council.

The self-assessment document included conclusions drawn from governance functions and performance against corporate objectives. The purpose of the report was to assess the information brought to committees over the last 12 months to reach a conclusion on how the Council had performed and areas for improvement.

The Committee reviewed and approved the draft report for its submission to Council.

The Committee also receives reports from external regulators. During this period the Committee received the following reports from Audit Wales:

**Public Sector readiness for Net Carbon Zero** - The report summarised the Audit Wales Report of Public Sector Readiness for Net Zero Carbon by 2030. Although Audit Wales did not make specific recommendations in their Report of Public Sector Readiness for Net



Zero Carbon by 2030 given the high-level nature of their review, the report offered five Calls for Actions for organisations to consider. The majority of these actions would be considered during the review of the Council's Climate and Ecological Change Strategy.

**Delivering Sustained Improvement** - Audit Wales took an in-depth review of the Authority's performance in 2021. It was explained they had looked at systems and processes in place with a deeper look at the arrangements for education and young people and environmental services both of which were linked to corporate priorities at the time. Overall the conclusion was that Denbighshire had effective arrangements in place for its performance management.

**Springing Forward** – This Audit Wales report looked at how the Council had strengthened its ability to transform, adapt and maintain delivery of services, including those delivered in partnership with Key stakeholders and partners. This review had been conducted across all local authorities in Wales. Included in the review had been a review of the Council's arrangements for managing assets and the workforce. The overall report concluded that the Council was actively developing its New Ways of Working Project, which would lead to changes in the long run on both building assets and workforce, integrating this activity with wider strategies, and looking further ahead would strengthen the Council's consideration of the sustainable development principle. There were a number of recommendations contained in the report, the management response to which was discussed by the Committee.

**Certification of Grants and Returns** - This report was a summary of the certification of grants and returns 2020-21. Audit Wales' conclusion was that the Council had adequate arrangements in place for preparing its grants and returns information which supported the certification work of Audit Wales.

**Audit Wales Audit Plan** - The report related to Audit Wales' Audit Plan 2022 which set out the programme of works planned to be carried out in Denbighshire over the next 12 months. The plan included work on the financial statements, performance audit work and an area yet to be determined but likely to be around digital strategies. The paper set out the fees charged for these services which were based partially on the size of a local authority and its level of risk. Denbighshire was included in the power risk band.

The Committee also received reports from other external regulators as follows:

**Estyn Inspection of Christ the Word Catholic School** – the Committee received this report for information and received assurance that the matters raised were being considered by the Council's Scrutiny Committees

**Care Inspectorate Wales Inspection of Intake and Intervention Service** - The Head of Children's Services introduced the report to members stating an assurance check had been conducted by CIW in June/ July 2021. In that review a number of positive findings had been reported there were also a number of areas for improvement. An action plan was created to achieve the necessary improvements.

A follow up inspection highlighted some areas of improvement, but recognised the impact of a high number of vacancies across the service that impacted the improvement journey. Staff retention and recruitment was seen as a national concern. Regular meetings with CIW to review the actions taken in line with the action plan continued. Officers recognised there was still work that was required to improve in some areas.

The Committee was concerned about the recruitment and retention difficulties that had been described and requested a further report on recruitment, retention and workforce planning which is referred to earlier in this report.

## Appendix 2

### Governance and Audit Committee Annual Report 2021/2022

During the period of the municipal year 2021/22 the Governance and Audit Committee met on six occasions.

The Committee received regular update reports from Internal Audit in respect of the work of the audit service, progress against the Audit plan and the outcome of individual audits that had taken place.

The Committee also received the Internal Audit Strategy and the Internal Audit Annual Report which contains the Head of Internal Audit's opinion as to the assurance to be given by the Council's framework of governance, risk management and control. The Internal Audit Opinion concluded that reasonable assurance could be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

During this period the Committee also reviewed a number of follow up reports produced by Internal Audit in respect of previous audits. These follow up reports enabled the Committee to track progress against action plans in respect of audits that had previously found issues that the Committee had considered required further consideration.

These included follow up reports in respect of audits relating to Contract Management, Parking income, Project Management of the Queens Building project and Support Budgets and Direct Payments.

The Committee received a number of internal annual reports during this period which included:

**Annual Governance Statement** - The Council has a statutory duty to publish an Annual Governance Statement (AGS) in compliance with the Accounts and Audit (Wales) Regulations 2014, as amended. The report provides the Committee with the opportunity to comment on the annual governance statement separately to the Statement of accounts so that it may be given due consideration.

The AGS assessment noted the impact of the pandemic. One key impact noted had been the inability to hold committee meetings at the start of the year, due to the social distancing regulations. An update had been included in this AGS as meetings were able to come back online. All Council and Governance and Audit meetings were now webcast. The Monitoring Officer confirmed zoom meetings using the translation service commenced in October 2020.

The CIA informed members the new requirement for the inclusion of a statement of compliance with the financial management code had been included.

This AGS incorporated the governance arrangements for Denbighshire Leisure Limited.

**Annual Corporate Health and Safety report** – this report provides an assessment of the Council's health and safety systems. During the period covered by this report the assessment was that of medium assurance in respect of the implementation of health and safety systems and employee involvement in health and safety.

**Annual Senior Information Risk Owner report** - this report provides information on the Council's information governance. This includes information about data breaches of the Data Protection Act that have been subject to investigation by the DCC Senior Information Risk Officer. The report also covers data about Freedom of Information, Environmental Information and Data Protection requests received by the Council, including those that have been referred to the Information Commissioner's Office (ICO). The report also includes information about Denbighshire's schools.

During the period of the report there had been an increase in the number of data incidents where information had been sent to the wrong recipient. None of these incidents had been considered reportable to the ICO in accordance with the relevant guidance, however, the report described measures to be explored for remote checking of address details to reduce this number in future.

There had been a decrease in Freedom of Information and data protection requests but an increase in Environmental Information Requests.

The Committee was informed of the roll out of amended data protection training to deal with issues related to homeworking.

**Annual Complaints Report** – the report provided assurance in respect of the robustness of the Council’s complaints handling process, including the role of the Performance Scrutiny Committee. The majority of complaints received are investigated and resolved at stage 1. Members heard very few complaints progressed to stage 2 investigations. Members felt it was vital for the authority to learn from complaints and make improvements and changes where possible. They heard that a breakdown of complaints was provided to services in order that any trends in complaints could be identified.

In addition, the Committee receives finance related reports to include the

**Statement of Accounts** – The Committee received several reports as to the progress of the statement of accounts for 2020/21. This was the first year that the authority had to complete group accounts, with the accounts from DLL incorporated in the overall accounts. The timetable for completion of accounts had been delayed due to the Covid pandemic. The accounts were approved at the Committee’s November meeting.

**Treasury Management** – the Committee receives two reports each year on Treasury Management. The Councils Treasury Management Strategy Statement sets out how the Council will manage its investments and borrowing. The Committee is required to review this document prior to its approval by Council each year. The Committee received the report and noted the performance of the Council’s Treasury Management function during 2020/21 and its compliance with required prudential indicators as reported in the Annual Treasury Management report 2020/21

The Committee also received a number of reports on other important governance matters.

**Corporate Risk Register** - the Corporate Risk Register is developed and owned by SLT and Cabinet. It is reviewed twice every year by Cabinet at Cabinet Briefing. Following each review, the revised register is presented to Performance Scrutiny Committee, and is shared with the Governance and Audit Committee. The Committee noted that changes that had been made to the risk register in the previous period which included the merger of some risks and the addition of two new risks related to the creation of the North Wales Corporate Joint Committee and Recruitment and Retention issues respectively.

**Cyber Security Update** - the Committee received a report on the measures being taken to provide assurance as to the cyber security of the Council.

**Constitution update and Constitution Guide** – the Committee received a report about the changes required to be made to the Council’s Constitution as a result of the provisions of the Local Government and Elections (Wales) Act 2021 for consideration and recommendation to Council.

**Annual Performance Review** – the report informed the Committee that the previous method by which performance was reported was due to change following the Local Government and Elections (Wales) Act 2021. It was confirmed that the usual process for Annual Performance reviews had been to present a report to Performance Scrutiny, Cabinet and ratified by Full Council. Following the new Act, a self-assessment of performance was required to be conducted and the comments of the Committee sought before it was approved by Council. Although the self-assessment was not a statutory requirement for this reporting period, one had been prepared as a ‘trial run’ in advance of the new provisions coming into force. Members reviewed and approved the draft report for consideration by Council.

**Prevention and Detection of Fraud Strategy** - The Chief Internal Auditor informed members that the Strategy for the Prevention & Detection of Fraud, Corruption and Bribery (SPDFCB) was an existing strategy that had been reviewed and updated. The updated report had considered the Local Government Strategy – Fighting Fraud and Corruption Locally 2020.

Confirmation was provided that the Strategy was not only concerned with operational activity to detect and investigate fraud and corruption, but also set out objectives for proactive actions to deter and prevent fraud and corruption.

Members approved the changes and recommended the strategy top Cabinet for approval.

**Lay Member recruitment** – the Committee received a report relating to the new legislative provisions coming into force requiring the Committee to have one third of its membership comprised of lay members, and the proposed process for recruiting new lay members.

The Committee also receives reports from external regulators. During this period the Committee received the following reports from Audit Wales:

**Review of Commissioning Older People's Care Home Placements** - Audit Wales presented a report relating to regional work that had been carried out to assess how the six North Wales local authorities and the Health Board worked together and separately in the commissioning of care home placements for older people. Members heard from officers as to the management response to the recommendations contained in the report.

**Denbighshire County Council: Delivering Environmental Ambition** – this report related to a review of Denbighshire County Council's ability to deliver on its environmental ambitions, including how the Council planned to integrate, embed, measure, and communicate its environmental ambitions. The final report was issued in October 2021 and reached the conclusion that the Council was making excellent progress in embedding its environmental ambitions. Audit Wales had made ten recommendations for future action to which there had been a management response which was considered by the Committee.

**Progress review of North Wales Growth Deal** - Included in the review was an examination of the progress made by partners to prepare for delivery of the growth deal including the portfolio or management office, the support from Gwynedd Council provided to the process and the various groups and boards that had been set up to support the deal. Positive comments on the progress that had been made were included in the report but recognition of further work required was made. No concerns regarding the operation of the growth deal were raised. The portfolio management office had provided a detailed management response that had been included for members' reference.

**Financial Sustainability Assessment** – Audit Wales had conducted an assessment of the Council's financial sustainability. The overall conclusion was positive and stated that the Council was well placed to maintain its financial sustainability over the medium term, it

had a good track record of managing its budget and continued to work to further improve its financial position. There was one recommendation that the Council ensure better alignment of budgets and operational activity to maintain ongoing financial sustainability. The management response to this was that the medium term budget strategy would help identify, challenge and, if necessary, include both strategic and non-strategic pressures within the medium term financial plan.

In addition, the Committee received reports from Audit Wales relating to their work programme both in Denbighshire and in respect of national reviews.

The Committee also received reports from other external regulators as follows:

**Care Inspectorate Wales (CIW) Assurance Check 2021** - The report summarised the findings of the CIW assurance check of Denbighshire County Council undertaken 28 June to 2 July 2021. The purpose of the assurance check had been to review how well local authority social services continued to help and support adults and children with a focus on safety and well-being. Due to the pandemic it was stressed that normal arrangements for oversight and scrutiny had been altered to reflect the restrictions. It was important to note that many of the CIW colleagues had returned to frontline work and supported health and social care delivery in the pandemic.

The report highlighted a number of positives. A recognition of the positive culture and improvements within safe guarding was given particular importance. The report also acknowledged areas of improvement for the service and the challenges in recruitment throughout the service. It was stressed that staff in Denbighshire were a credit to themselves and to the authority. The Committee received assurance that there would be continued scrutiny of the service through the work of Internal Audit and follow up work by CIW.

**Regulation of Investigatory Powers Act (RIPA) Inspection 2021** – the Committee received a report on the inspection conducted by the Investigatory Powers Commissioner's Office (ICPO) in 2021. The ICPO inspected authorities approximately once every three years. This consisted of a remote, desktop inspection of policies, procedures and training materials to be followed by a physical onsite inspection if that was deemed necessary. The ICPO determined that there was no requirement for a physical onsite inspection of Denbighshire. There had been no RIPA authorisations in the previous



three-year period since the last inspection which was not unusual given the requirement to use less intrusive evidence gathering techniques before considering directed surveillance. The inspection was positive with some suggestions for minor amendments to some of the training materials.

## Appendix 3

### Governance and Audit Committee Annual Report 2020/2021

During the period of the municipal year 2020/21 the Governance and Audit Committee met on six occasions.

The Committee received regular update reports from Internal Audit in respect of the work of the audit service, progress against the Audit plan and the outcome of individual audits that had taken place.

The Committee also received the Internal Audit Strategy and the Internal Audit Annual Report which contains the Head of Internal Audit's opinion as to the assurance to be given by the Council's framework of governance, risk management and control. The Internal Audit Opinion concluded that medium assurance could be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

During this period the Committee also reviewed a number of reports produced by Internal Audit in respect of follow up monitoring of action plans relating to previous audits where the Committee had asked for future follow up reports to monitor progress in respect of issues that it wished to keep under scrutiny. These reports related to Contract Management, Payment Card Industry Security Standards, Direct Payments and Support Budgets. The Committee was able to track progress against action plans in respect of issues raised by previous audits in order to gain increased levels of assurance that those issues were being managed appropriately.

The Committee received a number of internal annual reports during this period which included:

**Annual Governance Statement** - The Council has a statutory duty to publish an Annual Governance Statement (AGS) in compliance with the Accounts and Audit (Wales) Regulations 2014, as amended. The report provides the Committee with the opportunity to comment on the annual governance statement separately to the Statement of accounts so that it may be given due consideration.

Members were made aware that due to the Covid pandemic, this AGS raised a significant governance issue to reflect the unprecedented situation the council had needed to respond to whereby several council meetings were cancelled due to social distancing requirements imposed by government. Council meetings were gradually being reinstated as capacity and capability permitted with regards to legislative requirements.

The AGS highlighted many areas for improvement within an action plan, which the Committee would monitor to ensure its implementation. Members were assured that progress against the previous year's improvement plan had progressed and that outstanding actions were carried forward to this year's improvement plan.

**Annual Corporate Health and Safety report** – this report provides an assessment of the Council's health and safety systems. During the period covered by this report the assessment was that of medium assurance in respect of the implementation of health and safety systems and employee involvement in health and safety.

Since March 2020 the Covid – 19 pandemic had driven the organisation to operate in a different way with much more focus on providing essential services in a "Covid secure" way and working from home. DCC responded rapidly to government regulations and guidance.

There had been a whistleblowing concern raised during the period regarding the safety of certain practices. This had been investigated thoroughly and good practices had been developed as a result.

**Annual Senior Information Risk Owner report** - this report provides information on the Council's information governance. This includes information about data breaches of the Data Protection Act that have been subject to investigation by the DCC Senior Information Risk Officer. The report also covers data about Freedom of Information, Environmental Information and Data Protection requests received by the Council, including those that have been referred to the Information Commissioner's Office (ICO). The report also includes information about Denbighshire's schools.

Within this reporting period, there had been 1 significant breach of the Data Protection Act by the Council. The breach involved sensitive personal data about 5 individuals mistakenly

included in a court bundle. Investigations concluded that this was caused by human error. The Information Commissioners Office was informed of the breach and requested that processes be reviewed to reduce the likelihood of it happening again.

**Annual Whistleblowing report** – the Committee received a report covering a two-year period given delays caused by the Covid pandemic. There had been six disclosures during the period. The Committee were informed of the outcome of each of the disclosures. There were no underlying themes revealed by the disclosures.

**Annual Regulation of Investigatory Powers Act report** - The Council has the power to undertake certain surveillance activities where it considers that these are necessary and proportionate for the prevention and detection of crime or for the prevention of disorder. These activities include obtaining access to communications data, directed surveillance and the use of a covert human intelligence source. These activities are defined in more detail in the Council's Corporate Policy and Procedures.

There had been no applications for authorisation of surveillance activity in the period covered by this report.

In addition, the Committee receives finance related reports to include the

**Statement of Accounts** – The Committee received several reports as to the progress of the statement of accounts for 2019/20. The Committee approved the statement of accounts.

**Treasury Management** – the Committee receives two reports each year on Treasury Management. The Councils Treasury Management Strategy Statement sets out how the

Council will manage its investments and borrowing. The Committee is required to review this document prior to its approval by Council each year. The Committee received the report and noted the performance of the Council's Treasury Management function during 2021/22 and its compliance with required prudential indicators as reported in the Annual Treasury Management report.

**Budget Update, Medium Term Financial Plan and Budget Process** – the Committee received a report setting out the medium term financial plan and the process by which the Council would approach the setting of the following year's budget.

**Challenge and Intervention Framework for Schools in Financial Difficulty (SIFD)** - the report was presented to Committee as an update on the process that had previously been approved in order to demonstrate that it had worked. DCC delegated 85% of school's budget directly to schools. It was the duty of each school to provide DCC with a three-year budget plan annually. It was explained that schools at times may experience financial issues, DCC had the provision to licence a deficit to support schools to return to a surplus budget. Close working with all schools within DCC had continued in accordance with the framework. The implementation of the framework had been received positively and was working well.

**Denbighshire County Council Coronavirus Response Financial Strategy** – this report set out the strategy for dealing with the financial impact of the pandemic as part of the Council's recovery plan. The Committee received information relating to the additional expenditure incurred and income lost as a result of the pandemic as well as the current and anticipated support from Welsh Government in respect of both income and expenditure.

The Committee also received a number of reports on other important governance matters.

**Corporate Risk Register** - the Corporate Risk Register is developed and owned by SLT and Cabinet. It is reviewed twice every year by Cabinet at Cabinet Briefing. Following each review, the revised register is presented to Performance Scrutiny Committee, and is shared with the Governance and Audit Committee. The Committee noted that during this latest review, the impact of Covid-19 had been at the forefront, and a number of risks had

been updated to reflect the impact thus far and future implications. Some risks had seen their scores increase in severity as a result.

In addition, the Committee endorsed changes to the Risk Appetite statement in respect of safeguarding which had moved from a cautious to a minimalist risk appetite.

**Socio Economic Duty** – the report informed the Committee of the changes that had been adopted by Welsh Government under the Equality Act 2010 section 1-3. It was explained that following the changes a review by officers of procedures within the council would have to take place. The aim would be to reduce socio-economic disadvantage across the authority. Work had begun to review a number of key decision making and planning frameworks currently adopted by the Council. It was confirmed that Internal Audit would also give consideration to this duty in future work.

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**Alternative Service Delivery Model Toolkit** - In 2020 the Committee had requested the creation of a toolkit which would offer guidance on necessary considerations for a variety of partnership working models both within and outside of the Council. This was seen as a key element to ensuring there was a coherent partnership framework in Denbighshire. The intention had been for the toolkit to be read as a guide in establishing good practice in partnership governance, scrutiny requirements and provided assurance that good governance arrangements had been in place. The Committee endorsed the toolkit and its use within and outside the Council.

**Local Government and Elections (Wales) Bill** – the Committee received two reports on different aspects of the Bill which would later become the Local Government and Elections (Wales) Act 2021. The reports set out the changes that would be required to be made to the Council's constitutional arrangements and its performance and governance processes in order to comply with the provisions set out in the Bill.

**Tackling Climate and Ecological Change in Decision Making** – this report proposed changes to the Council's Constitution with a recommendation that the 'Principles of Decision Making' contained within the Constitution be amended to include a requirement that decision makers have regard to tackling climate and ecological change when making

decisions. The Committee recommended that Council approve this change to the Constitution.

The Committee also receives reports from external regulators. During this period the Committee received the following reports from Audit Wales:

**Cyber Resilience in the Public Sector** – this was a confidential report prepared by Audit Wales on resilience across the public sector in respect of cyber-crime. Members agreed to receive a future report on cyber security in Denbighshire.

**Certification of Grants and Returns** - The report provided an assurance to the authority on the arrangements for grants. It was explained that the scope of the report had reduced over the previous years as Welsh Government reduced the number of grants that required this level of audit. It was confirmed that overall the Council has adequate arrangements in place for the production and submission of the 2019/20 grant claims.

The Audit Wales representative explained that one audit had been required to be reported to Welsh Government, therefore it had to be qualified. One of the tests required was not able to be completed due to Covid restrictions. Members were assured that Audit Wales had no concerns on the compilation of the data.

**Social Services Budgetary Cost Pressures** – this report was presented by Audit Wales and related to work done in respect of arrangements for the commissioning and administering of residential care and nursing home placements. The report made a number of proposals for improvement relating to the strategic regional approach to the commissioning of care placements, pooled budget arrangements and communication between partners. The Committee considered the management response which referred to work being done on a regional basis to address the issues raised by the report. The Committee requested a follow up report in the subsequent financial year.

In addition, the Committee received the Audit Wales Annual Summary of activity and its Audit plan.

The Committee also received reports from other external regulators as follows:

**Care Inspectorate Wales (CIW) Local Authority Performance Review** - The report sets out the key issues arising from the Care Inspectorate Wales (CIW) review of Denbighshire County Council's performance in carrying out its statutory social services functions. The report highlighted improvements that had been carried out from previous reviews. Overall officers were happy with the report. Members welcomed the report but raised questions regarding the difficulty in recruiting Welsh language speakers to certain roles.