

Report to	Performance Scrutiny Committee
Date of meeting	7th March 2024
Lead Member / Officer	Cllr Julie Matthews (Lead Member for Corporate Strategy, Policy and Equalities); Cllr Gwyneth Ellis (Lead Member for Finance, Performance and Strategic Assets) / Gary Williams, Corporate Director Governance & Business
Head of Service	Catrin Roberts (Head of Corporate Support Services: People); Helen Vaughan-Evans (Head of Corporate Support Services: Performance, Digital & Assets); Liz Thomas (Head of Finance & Audit)
Report author	Catrin Roberts (Head of Corporate Support Services: People)
Title	Update Report on Audit Wales “Are the Council’s Corporate Support Functions Effective?” review

1. What is the report about?

- 1.1. This report relates to the Audit Wales report on “Are the Council’s Corporate Support Functions Effective?” dated May 2023 and provides an update on the progress made against the recommendations contained within the report. A copy of the Audit Wales report is attached in Appendix A.

2. What is the reason for making this report?

- 2.1. To consider the progress made to date in addressing the two recommendations made by Audit Wales in its May 2023 report along with the Council’s future plans for sufficiently resourcing its wider corporate support services’ functions.

3. What are the Recommendations?

- 3.1. That the Committee considers the progress made against the two recommendations.
- 3.2. That the Committee comments on the Council’s progress for sufficiently resourcing its wider corporate support services’ functions.

Mae'r ddogfen hon ar gael yn Gymraeg. This document is available in Welsh.

4. Report details

- 4.1. The review examined the Council's arrangements for its corporate support functions within four key areas: Human Resources (HR); Corporate Customer Services; Digital Services; and Internal Audit. It looked at the vision and strategic direction of these corporate support functions to consider if they effectively and adequately support the Council's objectives. The review also considered if the Council's corporate support functions are taking account of the sustainable development principle.
- 4.2. The review found that the Council's corporate support functions have a good understanding of the sustainable development principle, but the Internal Audit service does not consistently consider the principle in all its audit work, some Human Resources policies are out of date and although the Council has appropriate monitoring arrangements in place it is yet to consider the future strategic objectives and resourcing needs of the functions that were examined.
- 4.3. The Audit report made 2 recommendations. A copy of the Council's original Management Response is included in Appendix B which was considered by the Governance and Audit Committee on the 26th July 2023 and by Scrutiny Chairs and Vice-Chairs Group (SCVCG). Since the report was published considerable progress has been made on the actions identified to address the recommendations. Details provided in the table below:

No.	Recommendation	Action	Progress
R1	Human Resource (HR) policies that are out of date should be reviewed. We found that some Human Resource (HR) policies are out of date and need to be reviewed. This can put the Council at risk, should a legal challenge arise around HR, if policies are not up to date and review dates have slipped.	Action 1. Review policy dates to ensure that all policies have been reviewed within three years. This activity will be incorporated into the Service Plan, which will mean that it will be monitored and updated quarterly.	Partially Completed
		Action 2. Ensure we update the review date when a policy is amended. The department have been updating policies in-line with legislative changes. In future, informal reviews will be recorded by way of updating the review date.	Completed

R2	Internal Audit reviews should consistently consider the sustainable development when reviewing services. Service area compliance with sustainable development principles need to be systematically checked for all non-transactional audits by Internal Audit in their reviews. By Internal Audit more regularly considering how services are addressing this area, the sustainable development principle will be more deeply embedded within the Council.	Action 1. Within our scoping document we will include questions to ascertain how services are complying with sustainable development and Carbon Emissions. Depending on the responses testing will be undertaken to confirm level of compliance.	Completed
		Action 2. Monitoring of the implementation of agreed actions in relation to sustainable development and carbon emission will be included as part of the ongoing monitoring of effectiveness of Internal Audit.	Ongoing

- 4.4. With regards to R1, the Council's policy is that HR policies are set to be reviewed on a three-year basis. The audit report noted that policies are 'informally reviewed' during those three years and any issues with wording or interpretation of the policy will be addressed and minor changes can and will be made. At the time of the audit, this was not recorded as a formal review. This has now been addressed and where an informal review is undertaken this is now recorded.
- 4.5. There are 51 HR policies and procedures in total. All policies and procedures are up to date in terms of legislative changes and requirements. 26 have been formally reviewed within the last 3 years or thereabouts and therefore 50% are deemed to be up to date and appropriate. For the remaining 25 policies, initial assessments have been undertaken and there are 10 that need looking at in detail and will take priority and 15 that need light touch reviews/tweaks. A Forward Work Programme for policy development is in place. Progress is hampered because of resources being diverted to assist with the Budget and Efficiencies process that is ongoing.
- 4.6. With regards to R2, when developing the scope for each audit undertaken. Internal Audit now include questions to ascertain how services are complying with sustainable development and Carbon Emissions. Below are three examples of how Internal Audit have captured the principles in recent audits:

Audit Review	Questions/Areas for Testing
Taxi License Review	<ul style="list-style-type: none"> • What process is in place to ensure that the service meets the 2030 Welsh Government target of net zero? • What the service has in place to comply with the Council's sustainable development targets?
Housing Support Grant	<ul style="list-style-type: none"> • Sustainable development & Carbon literacy
ICT Contract Management	<ul style="list-style-type: none"> • Sustainable development and carbon net zero targets.

4.7. In February 2022, the Chief Executive launched a consultation on the senior leadership structure. He raised concerns as part of the consultation that the management of the Council's corporate support functions are too dispersed. This matrix management approach had grown through incremental change and meant that the corporate support functions were fragmented.

4.8. A new structure was implemented on the 1st April 2023 which incorporates a new Directorate for Corporate Support Services led by Corporate Director. This directorate is called Governance and Business and contains two services– Corporate Support Service- People and Corporate Support Service- Performance, Digital & Assets. The Directorate includes all corporate support functions with the exception of Finance which reports direct into the Chief Executive.

4.9. The new Directorate mean that there is increased capacity within the organisation's Senior Leadership Team (SLT) to effectively plan potential transformational changes within the Council and provide a cohesive approach to supporting the delivery of the Council's Corporate Plan.

4.10. At a Directorate level the Director and two new Heads of Service are working together to consider the future strategic objectives and resourcing needs of the functions, liaising with the Head of Finance and Audit on plans.

4.11. At service level, the three new Heads of Service are currently reviewing their structure considering servicing the ambitions for the Council and the County as outlined in Corporate Plan, the Chief Executive's vision for the organisation and budgetary requirements.

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

- 5.1. Having up to date policies and procedures contributes to the Corporate Plan theme: A well-run, high performing council. Policies and procedures contribute towards ensuring that Denbighshire County Council is a good employer and is an excellent place to work.
- 5.2. The actions undertaken for R2 will have a positive, contribution to the Council becoming Net Carbon Zero and Ecologically Positive by 2030 under the Corporate Plan theme: A Greener Denbighshire.

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

- 6.1. There are no cost implications associated with this report.

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

- 7.1. A Well-being impact assessment is not required as this report does not require a decision or proposal for change.

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

- 8.1. This report has been considered by the Governance and Audit Committee on the 26th July 2023 and by SCVCG. As part of undertaking the audit, various officers of the Council would have inputted into the audit and agreed the final report, recommendations and actions.

9. Chief Finance Officer Statement

- 9.1. A Chief Finance Officer statement is not required.

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

- 10.1. There are no risks associated with the recommendations contained in point 3 above.

11. Power to make the decision

- 11.1. Section 21 of the Local Government Act 2000 & Section 7 of the Council's Constitution.