

# **Draft Annual Governance Statement 2023 – 2024**

# Draft Annual Governance Statement

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## 1. Introduction and background

- 1.1 Denbighshire County Council (the Council) is responsible for making sure that it's business is carried out in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To achieve this the Council has to ensure that it has a governance framework that supports a culture of transparent decision making.
- 1.2 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.

## 2. The principles of good governance

- 2.1 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.
- 2.2 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

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- 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

2.3 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.

## **3 The Governance Framework**

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

2.1.1 The Council's Constitution includes the Codes of Conduct for members and officers and demands 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 Corporate Director – Governance & Business (Monitoring Officer) and Head of Finance & Audit (Section 151 Officer) both have responsibilities to ensure that Council decisions meet legal requirements.

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

2.2.1 The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards.

2.2.2 The resident survey has been replaced by the Stakeholder Survey to comply with the requirements of the Local Government and Elections (Wales) Act 2021 and inform the Council's Self-Assessment of performance against its functions. During September 2023 and February 2024, the Council issued its 'Stakeholder Survey' for the third time, achieving a response of 494. Based on a population estimate of 96,550, the response exceeds what is considered an 'ideal sample' of between 267 and 383. An analysis of the most recent results is provided in our [Self-Assessment Performance Update report for the period October 2022 to March 2023](#).

2.2.3 The Council publishes information on the website and all Council meetings are now streamed via webcast. Online meetings were set up during Covid-19 and due to the success of these meetings, the Council has now moved to a hybrid style meeting approach.

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

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

2.3.1 The Council is operating under an increasingly difficult and unprecedented financial environment in necessitated revisions to our Corporate Plan during this period. This was a pragmatic step to reduce the administrative burden on already stretched Council services across the board, and to help release some capacity to support our

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transformational agenda, which will enable us to innovatively respond to the challenges ahead. Discussions were held with senior managers and councillors between January and February 2024 to rationalise the content of the Corporate Plan, focussing on those ambitions that remain important areas of improvement for our communities, and de-escalating the reporting of already embedded operational activity. This has seen us move from nine themes to six, which are underlined by the importance of Equality and Welsh Language as guiding principles in all of our work.

2.3.2 This revision has also been timely and will help align the business planning cycles of both our Public Sector Equality Duty (which is on a four-year cycle) and the Well-being of Future Generations Act (five-year cycle) when we come to consider the next iteration of our Corporate Plan in 2027. This revision, therefore, combined with the supporting information published on our Equality, Diversity and Human Rights webpage, constitutes our Strategic Equality Plan for 2024 to 2028. In considering this revision, we have again revisited the wealth of information that we gathered in our Well-being Assessment; and in respect of the 2011 Engagement Provisions, through our annual Stakeholder Survey (most recently between September 2023 and February 2024) we have consulted widely with representative stakeholders in our communities on the content and relevance of our Corporate Plan objectives, particularly around the issue of equality and fairness.

2.3.3 The revised Corporate Plan was unanimously adopted by County Council at its meeting in February 2024. Governance structures have subsequently been amended (including revised terms of reference for our Boards) to align with the new themes. This has resulted in the cessation of the Fairer, Safer, More Equal Denbighshire Board, but will place greater importance on the work of the Strategic Equality and Diversity Group.

2.3.4 In the context of the present difficult financial environment, we expect that as a Council we will need to keep our Corporate Plan commitments and performance expectations under continual review going forward.

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2.3.5 Our Self-Assessment, which is due to be published online imminently, demonstrates that this past year has been the most challenging year, financially, for the Council – with members and officers having to make very difficult decisions to ensure we deliver a balanced budget whilst considering the impact of our decisions on current and future generations. During the year we have responded to the financial pressures all local authorities are facing responsibly; we have used our resources economically, efficiently, and effectively; our governance is functioning and effective; and our focus is on securing the best possible outcomes for our environment and communities in Denbighshire.

2.3.6 This self-assessment summarises our performance and governance across the year into some general observations about our strengths and weaknesses, opportunities and challenges.

2.3.7 A [Wellbeing Impact Assessment](#) is completed to inform significant decisions and an assessment was undertaken for the revised Corporate Plan. We have continued our discussions with Public Health Wales, Welsh Government and other local and national partners on the arrangements for mandatory Health Impact Assessment and we are confident our existing assessment will or can meet any new requirements.

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

2.4.1 Senior Management and Members (via Scrutiny committees and the Governance & Audit Committee), ensure the Council remains focussed on achieving its objectives and priorities. The new senior leadership structure is now in place and is working well. Whilst reduced capacity, as the workforce shrinks, is an issue, there are growing opportunities to consider new transformational ways of working.

2.4.2 The Council's Self-Assessment of Performance for 2023 to 2024 will be presented to County Council in July 2024 for approval, and includes an assessment against our governance functions, as recommended by the statutory guidance for the Local



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Government & Elections (Wales) Act 2021. The Council has revised the frequency of its Corporate Plan performance reports to help release some capacity within the Strategic Planning and Performance Team, in support of its new Insight function and the Council's transformation agenda. Reports will now be produced on a bi-annual basis but continuing to be tabled with committees at the end of quarters 2 and 4. Quarters 1 and 3 that were previously produced and circulated by email, for information only, will no longer be available but those periods will be covered within the tabled reports. These reports make up the Self-Assessment and continue to catalogue the activity of our principle meetings (Council, Cabinet, Scrutiny, and Governance and Audit), key news items, and reports by our internal audit and external regulators.

2.4.3 Work continues on the implementation of the one outstanding performance aspect of the Local Government and Elections (Wales) Act 2021, concerning the requirement to arrange a peer-led Panel Performance Assessment within an ordinary term of the County Council. The Council has opted to work with the Welsh Local Government Association on this, and a series of meetings with officers and members have taken place to draft the scope and propose some key areas of focus for the assessment. The scoping document has accompanied the Self-Assessment Performance Update Report through our committee cycle to obtain further input from the Senior Leadership Team, Cabinet, Performance Scrutiny, the Governance and Audit Committee and finally County Council. The scope and members of the independent panel will then be finally agreed and appointed by Cabinet in July. The Panel Performance Assessment is expected to take place in September.

2.4.4 The Council concluded its annual programme of Service Performance Challenges during the improvement actions, from which have been included with our Self-Assessment report to committees and [County Council](#). We have carried out a lessons learned exercise reflecting on the programme over this last year and have held discussions with the Corporate Executive Team and the Senior Leadership Team as to the format that they should take during 2024 to 2025. It has been agreed

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that some changes are needed to the panel, frequency of meetings, and focus of the agenda to best respond to the financial situation. At present, it is anticipated that the challenges will be concentrated over a one-month period during November, helping to inform then upcoming budgetary discussions with a greater focus on finance and transformation. Broadly the agenda is proposed to be in three parts – Identified Savings and Performance; Future Savings and Performance; and Transformation and Re-Shaping.

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

2.5.1 Development is directed by the leadership strategy; apprenticeship schemes and an e-learning portal is used to develop staff at all levels. The Agile Working policy is embedded in the organisation and the Time to Change action plan is complete. All HR Officers that support Services are trained mental health first aiders, and perform the role of Mental Health Champions, offering advice, support and signposting, in addition to working with managers to support employees. During the year, we also launched Denbighshire's new Management Induction Programme, which will take new managers through their first six months in post and is linked to their probationary period. A new People Strategy is in development and plans are underway for a staff survey, expected to take place during 2024.

2.5.2 Our Corporate Plan was developed using the body of evidence developed by the Public Service Board. Discussion at that level - and across Boards such as the Regional Leadership Board and the North Wales Economic Ambition Board - has informed the development of our plan.

2.5.3 The Council also works across a broad set of partnerships and collaborative arrangements and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way. A partnership (Alternative Service Delivery model) toolkit continues to be in place to set out key requirements and tools to ensure partnerships are managed effectively.

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2.5.4 Our Senior Leadership restructure was consulted on and implemented at Director-level from summer 2022, with the complete Senior Leadership structure being implemented from April 2023. This has taken longer than expected but will result in a transformational redesign of services, whereby the Council is on the 'front foot' in relation to influencing and preventing demand; better positioned to maximise opportunities; and has clearer leadership on important matters like climate change and Welsh language. Workforce planning will commence in the autumn/winter of 2024 (by which time the Senior Leadership structure will have been in place since November 2023) and will focus on supporting the pressures associated with the budget and its impacts.

2.5.5 The Service Challenge Programme for 2023 to 2024 completed in March 2024. Across all challenges, recruitment and retention issues were highlighted and some services noted how they had potential single points of failure, which rely on key specialists. Loss of those specialists to the organisation is a risk. The Strategic Equality and Diversity Group met in October and received an update on equality and the budget, providing assurance that, through the Council's Well-being Impact Assessment approach, the equality implications of any budget decisions made were being considered with due diligence. Impact on the workforce (and any risks to effective governance) as a result of budget proposals and the voluntary exit scheme remains under consideration and a report will be presented for discussion to the Council's Strategic Equality and Diversity Group in October 2024.

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

2.6.1 Corporate Risk Registers are updated, as a minimum, twice every year, with significant risks brought to the attention of Senior Management and Members. The purpose of the Corporate Risk Register is to identify the potential future events that may have a detrimental impact on the Council's ability to deliver its objectives, including its corporate priorities. The identified controls and actions are, therefore,

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crucial to the delivery of the Corporate Plan 2022 to 2027. Our [most recent review of the Corporate Risk Register was carried out in February 2024](#). Whilst all risks were reviewed, no significant changes were made, and the residual risk scores remained unchanged for all of our 13 Corporate Risks. Seven of the 13 risks (54%) are currently inconsistent with the council's Risk Appetite Statement. However, this is to be expected as the Register contains the Council's most serious risks.

2.6.2 As part of the review above, it was timely to re-evaluate our Risk Appetite Statement. Reflecting the present financial environment, the Council's previously 'open' risk appetite in relation to project financing was amended to 'cautious'. Our 'cautious' risk appetite in relation to compliance and regulation (non-safeguarding), remains appropriate. However, it was agreed that the description would be amended to include risks about statutory guidelines (hence 'risks about adherence to law, regulations and statutory guidelines').

2.6.3 Following a recent challenge from the Governance and Audit Committee as to the frequency with which Corporate Risks are reviewed, we now facilitate quarterly, lighter-touch reviews with risk owners. These can be shared with Governance and Audit Committee meetings throughout the year and are tabled for discussion, as was previous practice, in November. In its draft annual report of the Governance and Audit Committee, the Committee Chair noted the continued effectiveness of the Corporate Risk Register and highlighted some concerns about the potential impacts and risks to service delivery and key governance functions following difficulties with recruitment and retention.

2.6.4 Following the changes summarised above, our 'Managing Risk for Better Service Delivery' guide was revised.

2.6.5 The Council's financial planning arrangements have proven robust, and the Council holds a reasonably stable reserve and has strong monitoring and planning mechanisms in place to actively manage pressures, such as the Medium-Term Financial Plan, Treasury Management, the Budget Setting process, and a Capital

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Budget setting process. The Governance and Audit Committee has also provided assurance regarding the Council's financial management processes during the year. Significant work has taken place this period to respond effectively to the significant financial pressures the Council is facing to try to protect the most vulnerable as far as possible. Our accompanying September to March report outlines in some detail the process and decisions around budget setting for the year ahead. Some proposals have been subject to more intensive examination by our Scrutiny Committee structure, demonstrating that governance is effective, responsive and challenging. The 2024 to 2025 budget is being viewed as an evolving process rather than a one-off event in January. Significant engagement across the Council, with Members and with communities will therefore continue.

2.6.6 Internal Audit assess the overall quality of risk management, governance and internal controls and agree actions for improvement as necessary.

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

2.7.1 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.

2.7.2 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.

2.7.3 Council meetings are carried out online and are now also available to the public in accordance with legislative requirements.

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## 2.8 Cost of Living Crisis

2.8.1 Internal Audit during 2023/24 has worked with our Revenues and Benefits service to support the team in rolling out the following Welsh Government support grants:

- Cost of living crisis support for Denbighshire residents; and
- Winter fuel scheme for Denbighshire residents.

2.8.2 Internal Audit has provided support and assistance around setting up appropriate controls to ensure that all payments claimed are made by genuine residents and the amounts being claimed are correct.

## 3 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></ul>   |

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| Key Contributors  | Contribution  |
|---|---|
|   | <ul style="list-style-type: none"> <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> <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   |

The Governance Framework above are now all operating as hybrid meetings with members and officers' choose to either join on-line or attend the meeting in person. Meetings are now carried out online and webcast to allow the public to attend.

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## 3.1 Review of Effectiveness

3.1.1 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.

3.1.2 The Chief Internal Auditor during March to May 2024 has met with key governance officers to review the Council's arrangements against the CIPFA/Solace Framework 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.

## 3.2 Internal Sources of Assurance

3.2.1 Our Self-Assessment report for 2023 to 2024 went to the Governance and Audit Committee on 12 June and was approved by Council on 9 July 2024.

## 3.3 Internal Audit Annual Opinion

3.3.1 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 2023/24 was to again audit areas considered to be a higher risk 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 seven investigations, reasonable assurance can be given that there have been no major weaknesses



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noted in relation to the internal control systems operating within the Council.  
Improvement in the following areas were recommended.

| <b>Internal Audit Low Assurance Reports Issued in 2023/24</b> | <b>Agreed actions relating to significant risks/issues</b> |
|---|--|
| None were issued  | N/A  |

3.3.2 The last 12 months has seen an unprecedented seven special investigations which has placed a considerable strain on the new team. With an experienced team this number of special investigations would have been a challenge, but with a relatively new team it has meant the reviews have taken longer, but it has been a good learning curve. Not all investigations have been concluded, but key themes have been identified and will be shared with Cabinet and SLT during 2024.

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

4.1 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.

4.2 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.

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4.3 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 of Denbighshire's compliance with 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:

- Develop transformation agenda with primary purpose to reduce costs and ensure the sustainability of the Council's budget in the medium term.
- Further develop the robustness of estimates used in the budget setting process through the use of method statements for pressures and efficiencies.
- Review fees and charges policy
- Review how we consult with stakeholders over budget proposals
- Continue to lobby for multi-year indicative settlement figures from Welsh Government.
- Develop an in-year savings tracker to monitor the achievement of savings proposals.

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## 5.0 Key indicators

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

| <b>Key performance indicators</b>  | <b>Outcomes 2023/24</b>  |
|--|--------------------------|
| 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 2023/24          |
| Ombudsman referrals 2023/24  | No complaints upheld     |
| Internal audit reports   | No low assurance reviews |
| Complaints about elected members   | 7 in 2023/24             |
| Number of negative reports from our External Regulators  | None in 2023/24          |

## 6.0 Assurances from External Regulators:

### Audit Wales

- 6.1 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 draft accounts were signed by the Head of Finance on the 6 September; they were made available for audit as required and were open to public inspection from 25 September to 20 October 2023.
- 6.2 The audit of the accounts raised an issue regarding infrastructure assets, which requires a prior period adjustment. Due to the complexity involved a decision was made to delay the final audit work on the 2022/23 Statement of Accounts until Summer 2024.

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6.3 The last Annual Audit Summary Report issued to Denbighshire County Council by Audit Wales was for 2021. Denbighshire County Council's accounts for 2021/22 were unqualified as there was an issue around how assets had been accounted. An additional piece of work was completed by the Council's finance team and the Statement of Accounts for 2021/22 were approved and taken to the Governance and Audit committee in September 2023.

6.4 However, due to an oversight, the draft Annual Audit Summary Report for 2022 has not been finalised and issued. Audit Wales will update and issue the final and the CIA will report it next year.

6.5 The findings from the latest Assurance and Risk Assessment Report issued in July 2023 relate to the audit year 2021/22. This report focused on the following areas at the Council:

- Implications of the Local Government and Elections (Wales) Act 2021 including self-assessment arrangements; and
- Carbon Reductions plans.

6.6 During the 2023/24 financial year the following reviews have been completed and issued by Audit Wales:

## Audits Specific to Denbighshire County Council

- Audit of the Council's 2021/22 statement of accounts and signed off by the Audit General 21 September 2023;
- Local Report on Council's Corporate Support Functions;
- Cross-sector review focusing on the flow of patients out of hospital;
- Examination of the Setting of Well-being Objectives by Denbighshire County Council; and
- Use of Performance Information – Service;

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## Thematic Reviews

- Digital;

## Local Government national studies

- Building Social Resilience and Self-reliance;
- Building safety;
- Planning for sustainable development – Brownfield regeneration;
- Governance of special purpose authorities – National Parks; and
- Corporate Joint Committees (CJCs)

## **7.0 Estyn and Care Inspectorate Wales**

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

- During the period under review, Estyn carried out 13 inspections across schools within Denbighshire and the inspection status are as follows:
  - Eleven schools - no in follow up required;
  - One school had made significant improvements; and
  - One school remained in special measures.
- CIW in the financial year 2023/24 have completed an inspection of one of the two care homes run by Denbighshire and completed an inspection on the Council's Domiciliary Support Service.
- A Joint Inspection of Child Protection Arrangements conducted by CIW, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), Healthcare Inspectorate Wales (HIW), and Estyn was reported to GAC in September 2023.

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## 8.0 Action Taken in Response to 2022/23 Annual Governance Statement

8.1 Last year’s Annual Governance Statement highlighted six areas for improvement.

The table below sets out the action taken to address these issues during 2023/24:

| Improvement areas identified in 2022/23   | Progress to date   |
|---|--|
| <p>Continuing budget pressures and uncertainty over funding. Also, address any actions arising from the review of the Financial Management Code</p> | <p>Welsh Government provided a one-year settlement figure in 2024/25. We will continue to lobby for the return of multi-year indicative settlement figures.</p> <p>We updated the Medium-Term Financial Strategy and will continue to review on an annual basis. The Medium-Term Financial Plan is reviewed regularly and during the last twelve months had been reported to cabinet.</p>  |
| <p>Uncertainty over future funding arrangements following EU exit around Levelling Up Funds and Shared Prosperity Funds.</p>                        | <p>Resources and processes 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.</p> <p>Denbighshire has been successful in applying for the various funds available and we have been working with the services to ensure appropriate controls around diligence checks are in place to safeguard the monies and ensure the projects are completed.</p> <p>The first year Levelling Up Fund projects are currently coming to an end, and no decision has been made by Wrexham County Borough Council around who will be carrying out the audit work.</p> <p>If required, Denbighshire’s Internal Audit team will complete the audit claims and verify the monies have all been spent appropriately.</p> <p>Going forward no further action will be required.</p> |

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| Improvement areas identified in 2022/23   | Progress to date   |
|---|--|
| Workforce capacity and resilience and reliance on key positions   | <p>The five Heads of Service positions were appointed during spring 2023 and the last Head of Service took up their post at the start of November 2023.</p> <p>Internal Audit were unable to complete the follow up review in quarter 4 due to unforeseen workload capacity. The follow up has been rolled over into the next financial year and will be completed by the end of September 2024.</p> <p>The Council has completed the New Ways of Working Policy, and it has been rolled out to all staff.</p> |
| Review and update Officers' code of conduct and the process for capturing and response taken to declaration of interest, gifts and hospitality. | <p>The HR team have updated the Officers' code of conduct and a declaration of interest form has been attached to record any personal interests.</p> <p>However, the system has not been updated to record gifts and hospitality.</p> <p>This will be updated and rolled out across the Council by the 31 October 2024.</p> <p>Strategic HR Manager by 31/10/2024</p>  |
| Review the Whistleblowing Policy  | <p>This review has not been completed again this year due to several factors and it has been agreed to roll into the following year.</p>   |
| Address exceptions, exemptions and variations from Contract Procedure Rules (CPRs)  | <p>The restructure of the service and then the appointment of a manager took longer due to unforeseen complications.</p> <p>On appointing the manager, it was agreed the first priority would be to look at the service.</p> <p>A meeting was set up with the new manager in February 2024, and the main topic was around the new Procurement Act 2023. The new Act comes into force in October 2024.</p> <p>It was agreed in this meeting that the manager would look at addressing the exceptions,</p>       |

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| Improvement areas identified in 2022/23 | Progress to date   |
|---|--|
|   | exemptions and variations from Contract Procedure Rules (CPRs) as part of the implementation of the new Act. |

## 9.0 Improvement Actions Arising from 2023-24 Annual Governance Statement

9.1 Looking ahead, the following areas for improvement have been identified to be addressed in 2024/25.

| Improvement areas identified for 2024/25   | Agreed action  |
|--|--|
| Continuing budget pressures and uncertainty over funding. Also, address any actions arising from the review of the Financial Management Code | <p>Welsh Government provided a one-year settlement figure in 2024/25. We will continue to lobby for the return of multi-year indicative settlement figures.</p> <p>We updated the Medium-Term Financial Strategy and will continue to review on an annual basis. The Medium-Term Financial Plan is reviewed regularly and we intend to update Cabinet on a quarterly basis.</p> <p>The Capital Business Plan process is integrated within the Council's Project Management system.</p> <p>Work on the following areas is continuing and has been rolled over to 2024/25:</p> <p>Further develop the Budget Process to embed long term decision-making and consultation as core principles.</p> <p>Develop an in-year savings tracker to monitor the achievement of savings proposals.</p> <p>Further develop the robustness of estimates used in the budget setting process through the use of method statements for pressures and efficiencies.</p> |



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| Improvement areas identified for 2024/25                        | Agreed action   |
|---|---|
|   | <p>As part of the Internal Audit Strategy for 2024/25, we have included audits around tracking of budget savings, process and advisory work around potential savings and the budget setting process.</p> <p>These reviews will be completed throughout 2024/25 and will be reported to Governance and Audit committee in the Internal Audit Update reports.</p>   |
| Denbighshire County Council - Transformation Approach           | <p>The introduction of a programme of co-ordinated, accelerated activity to deliver change projects across the Council's services and functions to enable the organisation to respond to the current and future financial and demand challenges. The Programme will reshape the way in which services are delivered, ensuring that they operate as efficiently as possible, while also investigating creative ways to best serve our residents. The programme's financial targets will align with the Council's Medium Term Financial Plan (MTFP) on a rolling 3-year basis.</p> <p>Internal Audit will monitor and review progress during the year and if required will report back to Governance and Audit committee.</p> |
| The new recycling waste collection service                      | <p>The Council's introduced a new recycling and waste collection service on the 3 June 2024 around introducing new containers and weekly collection for recyclable materials.</p> <p>Since the roll out, the service has had major issues with recyclable waste not being collected and a large volume of residents complaining.</p> <p>In the second half of this financial year the Internal Audit team will undertake an internal review of the new recycling waste collection service.</p>  |
| Workforce capacity and resilience and reliance on key positions | To complete the follow up review which was rolled over from the 2023/24 financial year.   |

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| Improvement areas identified for 2024/25   | Agreed action   |
|--|---|
|  | <p>This review will consider the issues raised by Internal Audit and secondly to monitor progress against the action plan produced by HR.</p>   |
| <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>The HR team have updated the Officers' code of conduct and a declaration of interest form has been attached to record any personal interests. However, the system has not been updated to record gifts and hospitality.</p> <p>This will be updated and rolled out across the Council by the 31 October 2024.</p> <p>Strategic HR Manager by 31/10/2024</p>  |
| <p>Review the Whistleblowing Policy</p>  | <p>Update the policy capturing lessons learned from recent concerns raised.</p> <p>Corporate Director – Governance &amp; Business by 31/03/2025</p>   |
| <p>Address exceptions, exemptions and variations from Contract Procedure Rules (CPRs)</p>  | <p>With the introduction of the new Procurement Act 2023 which comes into force in October 2024, Internal Audit have agreed to carry out a service review around the introduction of the new legislation.</p> <p>As part of this review, the scope will include the exceptions, exemptions and variations from Contract Procedure Rules (CPRs) issues.</p>  |
| <p>Partnership Work</p>  | <p>The Governance and Audit committee requested a review be completed by Internal Audit around partnership arrangements in 2023/24, but due to unforeseen circumstances, the work was not completed.</p> <p>A report is due to go to the Governance and Audit committee in September 2024 which will outline the different types of partnerships within the Council. This report will form the basis of a partnership register and assist CET / SLT to monitor current arrangements.</p> <p>With new ways of working and potential transformation projects being identified, it could</p> |

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| <b>Improvement areas identified for 2024/25</b> | <b>Agreed action</b>  |
|---|---|
|   | mean the Council explore additional partnership arrangements. |

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.

## 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.

|               |  |
|---------------|--|
| <b>Name</b>   | Cllr Jason McLellan, Leader of the Council |
| <b>Signed</b> |  |
| <b>Dated</b>  |  |

|               |                               |
|---------------|-------------------------------|
| <b>Name</b>   | Graham Boase, Chief Executive |
| <b>Signed</b> |                               |
| <b>Dated</b>  |                               |