

Assurance and Risk Assessment Review – Denbighshire County Council

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Contents

What we reviewed and why	4
Implications of the Local Government and Elections (Wales) Act 2021	4
Carbon reduction plans	5

What we reviewed and why

- 1 We undertook this project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. This project also helped us to assess the extent to which the Council is applying the sustainable development principle in taking steps to meet its well-being objectives.
- 2 This report summarises our findings in the areas where we have undertaken more detailed Assurance and Risk Assessment work. We will also produce an Annual Audit Summary in Spring 2023 that will summarise all of our audit work undertaken since our last Annual Audit Summary in January 2022.
- 3 We focused in particular on the following areas at the Council:
 - Implications of the Local Government and Elections (Wales) Act 2021 including self-assessment arrangements
 - Carbon reduction plans
- 4 Our evidence base for this work included conversations with officers and reviewing relevant documents.
- 5 The Assurance and Risk Assessment project has been ongoing throughout the year. We held a workshop with the Council officers in February 2023 at which we shared emerging findings in relation to some aspects of this work. We also used the workshop to gather the perspectives of senior managers on the key audit risks in relation to the Council and to inform our forward planning.

Implications of the Local Government and Elections (Wales) Act 2021

The Council is putting in place arrangements to assure itself that it is meeting the requirements of the Local Government and Elections (Wales) Act 2021

- 6 We reviewed the arrangements the Council is putting in place to respond to the Local Government and Elections (Wales) Act 2021 (the 2021 Act).
- 7 The 2021 Act requires councils to keep performance under review and consult and report on performance through a self-assessment. Councils must publish a self-assessment of their performance for each financial year. During 2021-22 the Council has taken forward actions to implement the self-assessment duties
- 8 The Council's first self- assessment was published in July 2021, a year before required by the Act. The report involved an analysis of the seven governance areas recommended by the Act's statutory guidance, as well as a more concerted effort to catalogue the activity of the Council's principle meetings, key news items, and

reports by internal audit and external regulators. To make their latest self-assessment more accessible the Council have produced a very high level summary statements that assess our performance, using information from quarterly Performance Update reports.

- 9 The quarterly Performance Update reports (supporting the principle of ongoing assessment), identified improvement actions during their production. In addition to reviewing internal and external bodies of evidence to inform their self-assessment, the Council are annually engaging with a comprehensive list of stakeholders around the performance of our functions (objectives and governance).
- 10 During 2021 the council updated its Resident's Survey (now referred to as a 'Stakeholder Survey') to ask specific questions now required under the Act. An analysis of the results is provided in the Council Performance Update reports, and the council will run similar engagement exercises annually as part of its approach to Self-Assessment.
- 11 The Council has updated the Governance and Audit Committee's (GAC) Terms of Reference to reflect the 2021 Act. The GAC's membership is in accordance with the 2021 Act, with one third of the committee being lay persons. Recruitment of the lay persons was completed on time and observation by Audit Wales staff of Denbighshire GAC meetings during 2022 indicates that the new arrangements appear to be working satisfactorily. The lay persons, along with elected councillors who are GAC members, have received introductory training on their role.

Carbon reduction plans

Context

- 12 In July 2022, the Auditor General published Public Sector readiness for Net Zero Carbon by 2030¹, which looked at decarbonisation actions in 48 public bodies, including all councils. This report found uncertainty that the collective ambition for a net zero public sector by 2030 will be met. Our work identified significant, common barriers to progress that public bodies must collectively address to meet the collective ambition. We found that while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions.
- 13 In the report, the Auditor General makes the following five calls for action from public bodies:
 - strengthen your leadership and demonstrate your collective responsibility through effective collaboration:
 - clarify your strategic direction and increase your pace of implementation;

¹ Audit Wales, [Uncertainty that the ambition for a net zero public sector will be met, according to Auditor General](#), July 2022.

- get to grips with the finances you need;
 - know your skills gaps and increase your capacity; and
 - improve data quality and monitoring to support your decision making.
- 14 During 2020-21, we reviewed whether Denbighshire County Council (“the Council”) was making clear progress on delivering its environmental ambitions to become a net carbon zero and ecologically positive Council by 2030. We concluded in our local report published in December 2021 “Delivering Environmental Ambitions” that the Council is making excellent progress in embedding its environmental ambitions. We noted that the Council has moved quickly to embed its environmental ambitions in its strategic planning frameworks, it is communicating its ambitions well and has put baseline measures in place using an established performance framework. The full cost of the ambition is not yet known, more comprehensive stakeholder mapping would further strengthen engagement, and reporting over the next year will help the environmental ambitions to embed and the measures to evolve.
- 15 These findings sit within the wider context of the Auditor General’s July 2022 report. That report calls for increased pace and stronger leadership across Wales in reducing carbon emissions.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
R1	The Council needs to fully cost its action plan to ensure the plan is achievable. This should include detailed costings for the period covered by the Medium Term Financial Plan and broader estimates for the remainder of the plan.



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