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<b>E-mail</b>	
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Dear Mohammed,

## Improvement Assessment

I am required, under the Local Government (Wales) Measure 2009 (the Measure) to report my audit and assessment work in relation to whether Denbighshire County Council (the Council) has discharged its duties and met the requirements of the Measure.

This letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement planning;
- my views on the Council's compliance with requirements to make arrangements to secure continuous improvement, based on work carried out to date by the Wales Audit Office and relevant regulators, including:
  - the Council's progress on areas for improvement and recommendations identified in my previous assessments;
  - any relevant issues that may have emerged since my last report, including comments on how the Council is addressing financial challenges; and
  - a brief summary of any reports of relevant regulators issued since my last report;
- my further proposals for improvement and/or recommendations; and
- updates to the Wales Audit Office's work plan and timetable for delivering my Improvement Assessment work.

## **The Council has discharged its improvement planning duties under the Measure and has acted in accordance with Welsh Government guidance**

The Council published its *Year 2 Delivery Document*, the annual review of its Corporate Plan 2012-17 (*An Excellent Council, close to the community*), in April 2013. The *Year 2 Delivery Document* (the Plan) complies with the requirements of the Measure to produce an annual Improvement Plan. The Plan is straightforward and concise, outlining what the Council wants to achieve and how it will go about it. The rationale for why Improvement Objectives (Outcomes) have been chosen is explained briefly but clearly. The Plan also explains what it aims to do during 2013-14 and the measures the Council will use to evaluate success in achieving its objectives.

The Council has made no changes to the seven Improvement Objectives it chose seven months previously when it adopted the Corporate Plan 2012-17. These objectives relate to: education and school buildings; developing the local economy; improving roads; protecting vulnerable people; clean and tidy streets; access to good-quality housing; and modernising the Council.

The Council consulted extensively during the development of its Corporate Plan. We agree with the Council's judgement that it was too soon to consult again about the Improvement Objectives for 2013-14. The measures the Council will use to evaluate success in achieving its objectives were therefore developed from measures in draft service plans for 2013-14 and discussions with the leadership team and elected Members.

In my Annual Improvement Report, published in May 2013, I reported that the clarity of the links in the Corporate Plan between the Improvement Objectives and accompanying measures of success, baseline data and targets for improvement was not yet consistent across all seven Improvement Objectives. This remains the case in the Year 2 Delivery Document. However, the Council has made some progress in assessing whether anyone is better off as a result of its work. It has issued technical guidance to staff which defines indicators to measure success for all the Improvement Objectives and the 'excellence threshold' that the Council is aiming to achieve during the lifetime of the Corporate Plan.

The Council has rejected an approach to target setting based on incremental progression of the previous year's performance in favour of an approach based on achievement of the 'excellence threshold'. Excellence thresholds are usually based on the Council's performance being amongst one of the top six performing councils in Wales. If over half the other councils in Wales are achieving better performance than in Denbighshire the Council will consider this a high priority for improvement.

The concept of the 'excellence threshold' is clearly understood by senior management. However, our recent work on data quality suggests that some staff in individual services are less clear about the new approach to implementing corporate objectives and had difficulty in articulating how they would judge whether the people of Denbighshire would be better off at the end of the lifetime of the Corporate Plan.

Improvement Objectives are focused on outcomes that require council-wide co-ordination and major strategic change, often in partnership with key external organisations. For each of the Improvement Objectives, the range of outcomes set for 2013-14 varies. For example, the priority of improving roads has only one outcome, which gives a very narrow focus for measuring success for the people of Denbighshire. In contrast the regeneration priority has a wider basket of outcome measures. For those priorities with a greater range of measures, it is clearer what the Council is seeking to improve and how it will judge success.

The Council has clearly stated how its Improvement Objectives link to its medium-term financial plan. It has identified the resources available to support the delivery of Improvement Objectives in 2013-14, from both revenue funding and £6 million additional capital funding.

The Plan is relatively easy to find on the Council's website and hard copies are provided at key sites. The Plan and the 2012-17 Corporate Plan Summary have been produced in both English and Welsh and meet the Council's Welsh Language Scheme requirements.

**Based on, and limited to, work carried out to date by the Wales Audit Office, I believe that the Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year**

I have reached this conclusion because:

- the Council continues to make progress in addressing the proposals for improvement identified in previous assessments;
- the Council engaged well with other councils in North Wales and with the Wales Audit Office during our recent Improvement Study on the effectiveness of scrutiny;
- the Council has improved its processes for developing its Annual Governance Statement and is taking further action as it recognises that there is more to do; and
- the Council has a medium-term financial plan, recognises the financial challenges it faces, and has appropriate arrangements in place to manage them.

## **The Council continues to make progress in addressing the proposals for improvement identified in previous assessments**

I have made a number of proposals for improvements in previous improvement assessments. Progress on these matters is summarised below:

- As part of its own cycle of improvement, the Council has implemented all our proposals from our themed reviews of Technology, Information Management and Public Engagement.
- I have referred earlier in this letter to the Council's progress in providing a wider evidence base of information to enable it to assess whether it has met its Improvement Objectives.
- I will report later this year on the Council's progress in addressing my proposal that it should include more information in its annual performance report on the status and outcomes of the Council's collaborative projects.

Further information about our findings in some of these areas is provided separately in interim updates where appropriate. I will report further on the performance of services, including progress on modernising the Council, in my Annual Improvement Report.

## **The Council engaged well with other councils in North Wales and with the Wales Audit Office during our recent Improvement Study on the effectiveness of scrutiny**

During the autumn of 2012 and spring of 2013, the Council took an active part in our all-Wales Improvement Study into the effectiveness of councils' scrutiny arrangements. We shall be reporting the results of this work later in 2013 and hosting a shared learning event in November 2013.

During the study, the Council's Peer Learning Exchange Team, consisting of both Members and officers:

- took part in regional workshops along with Peer Learning Exchange Teams from other North Wales councils;
- observed scrutiny committee meetings at a neighbouring council, providing feedback to committee members;
- discussed the way that scrutiny works at the neighbouring council with a group of committee chairs and vice-chairs; and
- drawing on its discussions and observations, provided an external perspective to another neighbouring council by evaluating its scrutiny function against criteria developed jointly by the Wales Audit Office, the Welsh Local Government Association, the Welsh Government and the Scrutiny Officers' Network.

Before undertaking the activities set out above, the Council had evaluated the effectiveness of its own scrutiny function against the criteria. After the Peer Learning Exchange Team had visited another council and received an evaluation from another of its neighbours, the Council re-evaluated the quality of its own scrutiny, drawing on what it had learned. We have provided the Council with an analysis of its self-evaluations, and how they compare with those in other councils throughout Wales. We expect the Council to consider these and decide how it is to further improve its scrutiny arrangements. We will comment on the Council's final self-evaluation as part of our ongoing Improvement Assessment work.

**The Council has improved its processes for developing its Annual Governance Statement and is taking further action as it recognises that there is more to do**

The Council has been open to learning as demonstrated by the recent improvements it has made to the arrangements for drafting its Annual Governance Statement. The Council has established a Governance Group to produce an action plan to bring together all of the key internal or external recommendations to support the completion of the Annual Governance Statement and it is continuing to explore ways of making further improvements in its arrangements for drafting its Annual Governance Statement.

However, the Council, through the work of the Governance Group, recognises it needs to take additional steps to obtain senior officers' and members' perspectives on the effectiveness of its governance arrangements. The current 2012 Annual Governance Statement makes very limited reference to governance controls in relation to commissioning, and limited assurance work is undertaken by the Council to assess the effectiveness of these controls. The Council recognises the need to strengthen arrangements for developing its Annual Governance Statement and is also taking action to improve partnership controls.

## **The Council has a Medium-Term Financial Plan, recognises the financial challenges it faces, and has appropriate arrangements in place to manage them**

The Council has produced a Medium-Term Financial Plan which is linked to its improvement objectives and identifies the revenue and capital resources available to support their delivery in 2014-15. The Council recognises the financial demands arising from local priorities, such as the regeneration of the West Rhyl area, and the need to implement the schools modernisation programme over the next five years.

Since the publication of my Annual Improvement Report there have been several announcements which will impact significantly on Council budgets, such as the latest budget statement from the Chancellor in March 2013 and the UK Government's Comprehensive Spending Review. The recent announcement by the Welsh Government that all councils should plan on the basis of 'funding reductions experienced by local government in England for the period to come' presents new challenges for the Council. It will need to review its Medium-Term Financial Plan if it is to achieve the Corporate Plan objectives in the period from 2015 to 2017. However, the Council has already produced plans to identify the required savings for 2014-15, although the impact upon services will depend upon the final settlement from the Welsh Government.

### **Further proposals for improvement**

I am making no new proposals for improvement in this letter. We will continue to monitor and report on the progress made by the Council in implementing the proposals set out in my previous reports and letters.

### **Updates to the work plan and timetable**

My Improvement Assessment Team will keep the Council informed of the detailed arrangements for the delivery of my assessment work.

The regularly updated work plan and timetable provides more detail on the work being delivered during this year's assessment and in particular how we will add value by focusing on jointly identified areas or services. The work plan and timetable take account of my consultation with improvement authorities over my proposals for 2013-14 performance audit work.

I am grateful to the Council for the way in which it has helped to facilitate our work. I remain committed to providing appropriate levels of public assurance while supporting you in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

I shall publish this improvement letter on the Wales Audit Office website as soon as the letter has been debated by one of the Council's committees or two months after the letter is issued, whichever is the sooner.

Yours sincerely



**HUW VAUGHAN THOMAS**

**AUDITOR GENERAL FOR WALES**

CC: Lesley Griffiths, Minister for Local Government and Government Business

Huw Lloyd Jones – Manager

Gwilym Bury – Performance Audit Lead