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Our ref	251A2011
Pages	1 of 7

Dear Dr Mehmet,

Improvement Assessment: Including Corporate Assessment Update

As I explained in my letter of consultation on this year's Improvement Assessment I am fulfilling my responsibilities under section 19 of the Local Government (Wales) Measure 2009 (the Measure) in this letter to the Council. As required this letter will also be sent to Welsh Ministers.

During the transition year we prioritised the establishment of a general baseline which included the views of other inspectorates and regulators, and from which we could more accurately and proportionately assess improvement arrangements in future years. Having established that baseline, a comprehensive corporate assessment will not be necessary in most councils in any one year. This year, my letter summarises:

- the Council's compliance with its statutory obligations to make arrangements to secure continuous improvement;
- the Council's progress on areas for improvement and recommendations identified in the 2010 assessment;
- a brief commentary on any relevant issues that may have emerged since my last report, including comments on how the Council is addressing financial challenges; and
- updates to the work plan and timetable for delivering my Improvement Assessment work.

The Council's arrangements to secure continuous improvement

The Council leadership is continuing to drive change and is actively working to address the previously identified weaknesses. Priorities for the coming period should continue to include developing workforce planning and establishing the new management and scrutiny arrangements.

The Council's improvement objectives and the improvement plan (called 'Delivering the Corporate Plan 2011-12') meet the requirements of the Measure and the guidance issued by the Assembly Government. I have noted the range of consultation and public engagement undertaken by the Council and how this has been used to inform the improvement plan. This plan is intended to support delivery of the final year of the Council's three-year Corporate Plan covering 2009-12. The guidance for the Measure suggests that during the coming year the Council should undertake consultation on the improvement objectives for 2012 onwards.

I am satisfied that the Council is discharging its duties under the Measure and that the authority is likely to comply with its requirements during this financial year. I have reached this conclusion because my audit and assessment work, to date, has found that:

- good progress is being made on the areas for improvement identified in the Corporate Assessment in 2010;
- the Council has made good progress in developing plans to address weaknesses in human resources arrangements, although it has made less progress on workforce planning;
- further progress has been made in developing collaboration arrangements;
- the Council's approach to engaging with the public is improving; and
- the Council is well placed to address its financial challenges, although the scale of change required will inevitably require continued clear leadership and direction.

Progress on the areas for improvement identified in the 2010 assessment

The Preliminary Corporate Assessment, published in July 2010, said: 'Good leadership is driving change, making Denbighshire County Council well placed to deliver better outcomes despite current weaknesses in some arrangements.' The report identified a number of areas for improvement and also noted some areas where we would undertake further work. Progress on these matters is summarised below and described in more detail in Appendix 1.

- The Council is actively streamlining and improving decision making and scrutiny arrangements.
- Some progress is being made towards developing success criteria to measure progress on the Council's ambition to be a 'high performing council, closer to the community'.

- The arrangements for service challenge, efficiency savings and budget setting have helped the Council increase its focus on, and understanding of, value for money.
- The Council has contributed to the progress made in the delivery of each of the five Local Delivery Agreements of the Local Service Board, although the timescales for some actions have slipped.

Emerging issues

Last year a number of common areas for further improvement emerged from my improvement assessments across local government. Findings about the Council's progress in some of these areas is summarised below.

The Council has made progress in developing plans to address weaknesses in human resources arrangements, although it has made less progress on workforce planning

The Council is revising its Human Relations (HR) service through a 'business partner' model and has developed a programme for 'Progress through People'. The Business Transformation Board is monitoring progress on this programme and the contribution of the HR service to the programme of service reviews. The additional HR capacity required to support the programme of work is not yet clear although some temporary additional staffing has been provided. Workforce planning is only at a very early stage both at corporate and service levels. We will be undertaking further work with the Council in this area during the year.

Further progress has been made in developing collaboration arrangements

In addition to progress on Local Delivery Agreements through the work of the Local Service Board, the Council has made significant progress in strengthening its collaboration arrangements with Conwy County Borough Council. This includes the establishment of a Joint Management Board and governance arrangements. Work is continuing with North Wales Regional Partnership Board collaboration projects in a number of areas.

The Council's approach to engaging with the public is improving

The Council shows a high level of commitment and understanding towards public engagement. It uses a number of innovative ways to support more effective public engagement, including participatory budgeting and 'The Big Debate' on the budget. A corporate engagement strategy is not in place but is being developed.

Information about Council services is provided effectively through several different channels of communication and feedback is encouraged to help shape local service delivery. However, outcomes from some of the engagement activities are not being provided to the public. The

approach to public engagement is outcome focused but performance management arrangements are still being developed to monitor and evaluate the effectiveness of public engagement activity.

There is evidence of some public engagement initiatives making a difference to the design and delivery of policy and services but it is too early to say that a sustained strategic approach to public engagement is in place.

The Council is well placed to address its financial challenges, although the scale of change required will inevitably continue to require clear leadership and direction

The Council is taking appropriate steps to put a medium-term financial plan in place. The clear Council priorities, the 'service challenge process' and the consultation and engagement arrangements contribute to this process. As a result, an effective medium-term approach to financial management is being developed and resources are being applied to the priorities (revenue and capital).

Service challenge work by the Council has identified potential service efficiencies and the Transformation Board and collaboration developments are identifying a wide range of other potential improvements, savings and efficiencies. The public and stakeholders have contributed to the approach to meeting the financial challenge through 'The Big Debate' with community forums, and direct feedback. For 2011-12, savings of £6.5 million have been identified with £1.5 million of this applied to the Council improvement priorities.

A four-year efficiencies programme has been developed internally and all elected members have been involved in this process. Senior officers expect the programme and the linked Medium Term Financial Plan to be agreed by the Council before the end of June 2011.

Further information about our findings in some of these areas is provided separately in interim updates to the Council where appropriate.

Further proposals for improvement/recommendations

No new proposals for improvement are being suggested in this letter. We will continue to monitor and report on the progress with made by the Council in implementing the proposals set out in my last Annual Improvement Report.

Updates to the work plan and timetable

My Improvement Assessment team will keep the Council informed of the detailed arrangements for the delivery of the Annual Improvement Report later in the year. The regularly updated work plan and timetable provides more detail on how we intend to focus resources in 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 takes account of my response to the consultation with improvement authorities over my proposals for 2011-12 performance audit work. I will also be asking my Improvement Assessment Team to consider the reliance that we can place upon the self-assessment processes (including the Annual Governance Statement and the Annual Performance Report). I will comment on this approach in the Annual Improvement Report.

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 improvement authorities in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

Yours sincerely

HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

Cc to:

Cllr. Hugh Evans, Leader, Denbighshire County Council

Carl Sargeant, Minister for Local Government and Communities

Stephen Martin, Improvement Assessment Lead, Wales Audit Office

Karen Lees, Improvement Assessment Co-ordinator, Wales Audit Office

Appendix 1

Additional information on progress on proposals made in the Preliminary Corporate Assessment July 2010

Proposals for improvement	Progress
<p>1. Decision making and scrutiny</p> <p>The Council should further develop and implement its plans to streamline decision making and scrutiny to ensure that roles are clear and time is given to the matters that are considered the most important.</p>	<p>The Council is actively streamlining and improving decision making and scrutiny arrangements. Revised management structure and improvement board arrangements are in place. New scrutiny arrangements are agreed and will be implemented from June 2011. Improved arrangements for Area Member Groups are agreed which provide a clear link to scrutiny. Improved confidence by elected members in the Council management has assisted the agreement on the changes.</p>
<p>2. Success criteria</p> <p>The success criteria for achieving the ambition to be a high performing council closer to the community should be more clearly expressed so that levels of progress can be assessed.</p>	<p>The Council has reviewed the success criteria for being 'a high performing council closer to the community' and its improvement objectives. The basket of performance indicators (PIs) used to assess whether it is 'high performing' has been amended although the Council accepts that the PIs have limitations. The performance for this measure is expected to have declined for 2010-11 but in March 2011 the monitoring of this had not been effective in ensuring elected members were aware of this.</p> <p>The Council has not amended the measures for being 'closer to the community' but has established clearer accountability, improved Area Member Groups and the improvement plan shows how the Council's improvement objectives will have an impact in communities. This will help progress to be assessed and monitored.</p>
<p>3. Value for money</p> <p>The Council leadership should improve the way in which it assesses its value for money and how this is communicated, so that elected members and officers have an improved understanding of the progress made in improving efficiency.</p>	<p>Senior officers and elected members have been involved in a programme of service and review and challenge meetings which have looked at value for money and potential efficiencies. All members have been involved in the development of a four-year efficiencies programme. These developments have increased the focus on and understanding of value for money. This improved approach is to be further developed in 2011-12.</p>
<p>Other areas noted in the considered Preliminary Corporate Assessment</p>	

Proposals for improvement	Progress
<p data-bbox="256 499 612 591">4. Partnership delivery by the Local Service Board (LSB)</p> <p data-bbox="300 602 612 728">Development of the LSB, new Community Strategy, and progress with Local Delivery Agreements.</p>	<p data-bbox="655 499 1422 779">There has been progress in each of the five Local Delivery Agreements although the timescales for some actions have slipped. A performance monitoring process is in place. The LSB maintains high level commitment from the Council and partner organisations. The statutory plans for Denbighshire are being streamlined into one 'Big Plan'. Additional staff capacity is helping this process. A programme of consultation and engagement is helping amend the proposed outcome intentions.</p>