



# **Annual Governance Statement**

**DRAFT**

**2016**

## **1. SCOPE OF RESPONSIBILITY**

- 1.1 For Leeds City Council our governance framework comprise the policies, plans, systems and processes and culture and values (our system of 'internal control') that we have in place to ensure that our intended outcomes for stakeholders are defined and delivered. To deliver good governance our objectives must be achieved whilst also acting in the public interest.
- 1.2 We must conduct a review, at least once a year, of the effectiveness of our system of internal control and report our findings in an annual governance statement. The statement must be prepared in accordance with proper practices and be reported to a committee of Councillors. This document comprises our annual governance statement for 2016.

### **Context**

- 1.3 Our ambition continues to be at the forefront of those local authorities that are able to demonstrate that they have the necessary corporate governance to excel in the public sector. We aspire to be the best local authority in the UK, for Leeds to have a strong economy and be a compassionate, caring city that helps all its residents benefit from the effects of the city's economic growth.
- 1.4 We will focus on creating the right conditions for the economy in Leeds to prosper and hand in hand with that, ensure a consequence of that growth is a reduction in the inequalities that exist in Leeds.
- 1.5 The changing needs of our citizens and communities, ongoing significant reductions in resources and central government reforms continue to present a challenge to all councils (for example in school governance and health and social care). In addressing these challenges we must ensure that governance arrangements support the effective delivery of services and management of risk. Whether this be by direct service provision, in partnership, by alternative innovative service delivery mechanisms or simply by influence.
- 1.6 By applying our values and local codes of conduct for Members and employees, we commit to devising and delivering services to the citizens of Leeds in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity.

## **2. THE GOVERNANCE FRAMEWORK**

- 2.1 Our governance arrangements are designed to ensure that we take an appropriate and proportionate approach to managing risk whilst ensuring that our objectives are delivered. The governance framework has been in place for the year to the date of approval of this annual governance statement. The arrangements are not designed to eliminate all risks but rather provide a reasonable degree of assurance of our effectiveness.

2.2 Our governance framework in Leeds comprises our policies, plans, systems and processes and culture and values that allow us to achieve our strategic objectives and provide services in an appropriate and cost effective way and can be summarised as:

- Our vision - that is our shared priorities and intended outcomes for citizens and service users documented in the Vision for Leeds, Best Council Plan and other documents contained in our Budget and Policy Framework;
- The committees, boards and panels we have established to ensure democratic engagement and accountability is central to our decision making;
- Our arrangements for the oversight and scrutiny of decisions and policy development by councillors;
- Delegation and sub delegation arrangements which document the roles and responsibilities of executive and non-executive councillors and our statutory (and other senior) officer functions;
- Our risk management arrangements that help us mitigate threats and make the most of opportunities which present themselves;
- Our performance, safeguarding and accountability arrangements that help us analyse and act on performance information as a means of improving services and delivering better outcomes for the citizens of Leeds;
- Our People and Culture Strategy, Member Development Strategy, Values and codes of conduct which underpin how Members and employees work;
- Our arrangements for consultation and engagement with the community, particularly focussed to help ensure inclusivity;
- Our arrangements to safeguard our most vulnerable citizens including fully embracing the role of independent chairs of safeguarding boards for children and adults;
- A high performing and independent Internal Audit service that is well regarded by our External Auditors;
- Independent oversight and challenge provided by our External Auditors, Government Inspectorates and the Local Government Ombudsman;
- Our procedure rules and internal management processes for:
  - Financial management
  - Procurement
  - Information governance and data security
  - Health and safety
  - Decision making
  - Whistleblowing and complaints handling
  - Anti-fraud & corruption

### 3. REVIEW OF EFFECTIVENESS

- 3.1 We have a statutory responsibility for conducting, at least annually, a review of the effectiveness of our governance arrangements to ensure there is a sound system of governance and that those arrangements support our continuous improvement in the way in which our functions are carried out. As part of this review, we consider a combination of economy, efficiency and effectiveness factors – with the aim being to ensure that we secure continuous improvement in the way we carry out our duties to the citizens of Leeds.
- 3.2 Our process of review is continuous and considers decisions taken and matters considered by Full Council and committees appointed by Full Council, the Executive Board, Corporate Leadership Team (and via consideration of this statement by our Corporate Leadership Team, Directors' knowledge of the operation of governance arrangements within their directorates), the work of the Corporate Governance and Audit Committee, internal auditors, service managers, work undertaken by external auditors and inspectorates and the opinion of the Local Government Ombudsman. This Annual Governance Statement draws together that work into one document.

#### **A self-assessment of our effectiveness**

##### **Effective planning, risk and performance management arrangements**

- 3.3 Our planning, risk and performance management arrangements have enabled members and senior management to **focus effectively on the Council's purpose and community** needs. Internal Audit carried out reviews of the central control arrangements for 'achievement of strategic objectives' and 'corporate risk management' and judged these to provide substantial and good assurance respectively.
- 3.4 Through consultation with staff and elected members, the Best Council Plan was refreshed for 2016-17 and sets out our strategic objectives and priorities. This continues the aim previously set out in the 2015-16 Plan of reducing inequalities, but articulates this more firmly around the integrated concepts of promoting economic growth and of being a compassionate city. In-year performance is reported to elected members and senior management quarterly against a Best Council Plan scorecard of the most significant key performance indicators (and subsequently published on the council's intranet and internet sites. Scrutiny Boards receive regular performance reports on services within their portfolios.
- 3.5 A year-end performance report, that highlights the progress made throughout 2014-15 in delivering the six strategic objectives set out in the Best Council Plan was considered by our Executive Board. A similar report looking back on 2015/16 will be presented to Executive Board this summer. Producing this annual performance report is in line with best practice and the authority's performance management framework. The report draws on and links with a range of supporting council and partnership plans against which performance is regularly assessed and reported: these include the Annual Financial Plan; Children & Young People's Plan; Health & Wellbeing Strategy; Core Strategy and Adult Social Care Local Account.

- 3.6 An accompanying annual risk management report has also been considered by our Executive Board; the report summarised how the authority manages its most significant risks. As part of our decision making arrangements, all reports for key and major decisions consider risk management. This is a vital component of our governance arrangements as, to deliver our Best Council objectives, it is essential that we understand, manage and communicate the range of risks that could threaten the organisation and the vital services the council provides.
- 3.7 Of vital importance to us, is ensuring that we have arrangements in place to ensure our critical services can recover quickly from serious untoward incidents. Our Corporate Governance and Audit Committee led a concerted effort to ensure that business continuity plans are in place for all our critical and non-critical services. The Boxing Day floods tested the robustness of these plans and we have updated our arrangements from the lessons learned.
- 3.8 Following our review last year we considered the arrangements in place for reporting and responding to serious untoward incidents within Public Health. Further work has been undertaken to ensure that there is a composite overview of these incidents across the council and to ensure that lessons learnt are captured. The review found that there were varying levels of awareness across the council of when to report and take action. Our Corporate Leadership Team have now adopted a Serious Untoward Incident (SUI) policy and SUIs are to be considered within existing directorate risk/performance and reporting frameworks to enable improved learning from incidents that occur.
- 3.9 The Chief Officer Strategy and Improvement, having reviewed these arrangements, can confirm that there are appropriate systems and procedures in place to ensure effective planning, risk and performance management takes place.
- 3.10 Significant work on information management and information governance has been undertaken to strengthen management of our information assets, to respond to external requirements and to identify opportunities for efficiency and other value gains in the management of information. A key element of this has been the establishment of a cyber-resilience working group to deliver against the government's recently published guidance and build on existing control and contingency plans.
- 3.11 The remaining outstanding work required to address the recommendations of the Information Commissioners Audit report is being carried out by a small team of information governance staff with completion due in March 2017.
- 3.12 Whilst the council continues to lead in proactively making datasets available for re-use, via the Leeds Data Mill, thereby providing continued commitment to the council's value of being open and transparent, there is a growing risk around the council's ability to meet the INSPIRE Regulation requirements within the prescribed timescales.
- 3.13 Our vision remains to continually improve the relationship between the citizen and the state, and in so doing improve trust in public services and ensure the delivery of local integrated and responsive services for local people. Our Community Committees are integral to that vision.

- 3.14 Where no town or parish council exist Community Committees have responsibility for the allocation of Community Infrastructure Levy funding decisions – new guidance has been introduced during the year to govern how these funds are administered.

### **Effective financial planning and management**

- 3.15 Despite the 2015-16 budget again including some challenging decisions and risks – effective financial management across the Council culminated with a surplus of £0.7m against the General Fund budget (after the creation of a number of earmarked reserves). The Section 151 Officer has continued to ensure that effective budget monitoring and reporting arrangements (involving the Executive Board and Scrutiny) are in place. The Council's arrangements around financial accountability and responsibility have also been strengthened with clearer accountability for budget holders to keep expenditure within the approved budget. In addition, simplified Financial Regulations have been introduced that establish principles and rules relating to our systems of financial control.
- 3.16 The Corporate Governance and Audit Committee reviewed these arrangements in June 2016, noting that there were appropriate systems and procedures in place to ensure sound financial planning and management and that the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The committee also noted that a new budget management accountability framework was introduced in May 2015 to ensure arrangements remained proportionate and fit for purpose. In addition the Corporate Governance and Audit Committee undertook an assessment of our Treasury Management arrangements (January 2016) – the committee being assured that the arrangements complied with updated CIPFA guidance notes for practitioners contained within the Prudential Code for Capital Finance in Local Authorities.

### **Effective arrangements for accountability**

- 3.17 Our Constitution, including the delegation scheme for Council and Executive responsibilities, has been regularly reviewed and updated to reflect various legislative and organisational changes. Sub delegation arrangements are in place and provide a clear description of decision-making responsibilities below director level. The way in which services are delivered continues to evolve with more services being commissioned and delivered in partnership.
- 3.18 Partnerships and other joint working arrangements with external bodies form an increasing element of our activities, providing challenges in terms of transparency, demonstrating accountability and managing risk. The Corporate Governance and Audit Committee also considered assurances in respect of financial and control arrangements that are place for partnerships and other joint arrangements where the authority has a financial governance role. The committee received assurances that the partnerships identified have appropriate arrangements in place and make due regards to expected standards. Work is in hand to further develop toolkits, linked to our Financial Regulations, to strengthen and reinforce the arrangements in place.

- 3.19 Further to our Safeguarding issues considered in our 2015 Annual Governance Statement we have worked with other West Yorkshire authorities to improve the consistency of taxi and private hire monitoring and enforcement activities across the region. The introduction of provisions under the Deregulation Act 2015 has prompted the authorities to seek to move to formal arrangements for cross authority working. Since 1st October 2015 the Deregulation Act permits private hire firms nationally to sub contract bookings outside of their own licensing district.
- 3.20 This has presented this authority and other West Yorkshire authorities with concerns in relation to how this might be monitored, including for safeguarding reasons, and how enforcement should be carried out effectively. Full Council has approved the delegation of Taxi and Private hire enforcement functions from this authority to the other West Yorkshire authorities and to similarly receive delegated taxi and private hire enforcement functions. Both the Executive Board and our Licensing Committee are each receiving regular assurance reports in respect of safeguarding from the service.
- 3.21 In addition our Executive Board has considered annual reports on our safeguarding arrangements for both children and adults. The reports have concluded that systems and practices to safeguard adults at risk continue to be firmly established and that for children all the available management and third party analysis indicates that good attention is paid to managing risk appropriately and safely with the frameworks in place.
- 3.22 Our Health and Wellbeing Board has completed its third year of work and has provided an open and transparent forum through which joint work on improving health and wellbeing is progressed, including in January 2016 approving the Leeds Health and Wellbeing Strategy for 2016-2021. The Health and Wellbeing Board has also reported to NHS England on the Performance of the Better Care Fund; the governance arrangements for which are set out within a partnership agreement. Our full Council meeting has now introduced a new defined element of business to consider the minutes of the Board to enable wider member engagement.
- 3.23 We have fully participated in the work of the **West Yorkshire Combined Authority**, and in doing so have, with our neighbouring local authorities, reviewed and streamlined other aspects of regional governance. Collaborative working is taking place across the region to support negotiations with HM Treasury for a devolution deal for the region. Given the importance of this, full Council receives a regular update report on the devolved matters; allowing cross party engagement and debate on this evolving area.
- 3.24 Our community committees have a crucial role in improving the way we work locally and form a vital part of our commitment to involving our residents more closely with the priorities for their local area and decision-making on funding and services. The committees have played an important part in meeting our ambition to bring place, people and resources together by:
- ensuring that we spend money and work more intelligently and flexibly than before;
  - making it easier for people to do business with us; and
  - improving the way we make decisions locally with residents.

- 3.25 Effective whistleblowing procedures are a key part of good governance, establishing a culture of openness, probity and accountability across all aspects of the Council's work. Ensuring that employees, workers (agents and contractors), Members and the wider public are able to raise concerns through the correct channels allows the Council to address any risks as early as possible. We have two policies that set out the means by which serious concerns can be brought to the attention of Internal Audit. The Whistleblowing Policy sets out the correct channels through which serious issues can be appropriately escalated from within the organisation and the Raising Concerns Policy provides guidance and direction to the wider public. Assurances that the policies are routinely complied with are gained through regular reporting of the policy outcomes delivered through the regular Internal Audit Update reports provided to Corporate Governance and Audit Committee.
- 3.26 We have during the year been working with the Local Government Boundary Commission for England as part of the Commissions review of our council size and composition of our electoral divisions. The Commission agreed with our submission that our council size should remain at 99 councillors. Work will continue in 2016-17 to review imbalances in some of our ward boundaries.

#### **Effective Conduct Arrangements**

- 3.27 Registers of Interest for elected members and employees have been maintained and arrangements are in place for the declaration of appropriate interests when decisions are taken. Following a review (by Internal Audit) of the central control arrangements in place to manage employee conduct (which provided good assurance), an annual report is now compiled by the Chief Officer HR to give assurance that key policies and procedures are fit for purpose, effectively communicated, working as intended and have been regularly reviewed. This report has been considered by our Corporate Governance and Audit Committee (June 2016).
- 3.28 The Standards and Conduct Committee has operated in accordance with the terms of reference approved by full Council and reported on its activities by way of an annual report in March 2016. No Leeds City Councillor, nor any Parish or Town Councillor (in the Leeds area), has been found to have failed to comply with the Code of Conduct adopted.

#### **Effective decision making arrangements**

- 3.29 Our decision-making arrangements are one of our key governance controls, linking to all the governance principles that are set out in our Code of Corporate Governance. The annual report to our Corporate Governance and Audit Committee (June 2016) in relation to our principle decision making processes provided substantial assurance that the arrangements are up-to date, fit for purpose and are functioning well.
- 3.30 The City Solicitor has provided assurance to our Corporate Governance and Audit Committee (June 2016) concerning our compliance with the requirements of the Regulation of Investigatory Powers Act 2000 – both as regards directed surveillance and the use of covert surveillance sources and also as regards the acquisition and disclosure of communications data.



- 3.31 In addition the proper officer for Scrutiny has confirmed that scrutiny arrangements are operating in accordance with the terms of reference and procedures agreed by full council with inquiries both adding value to the delivery of the council's objectives and providing challenge to the Executive. This will be reported to members of the authority by way of an annual report to the full Council.
- 3.32 The Council sees Scrutiny as a key performance tool in ensuring that the Council meets its best city ambitions. The proportion of work undertaken by Scrutiny Boards that relates to pre-decision Scrutiny and the development of new policy is testament to the trust placed upon Scrutiny Boards by the Executive to help inform what are often high profile and sensitive decisions to be made. Scrutiny Boards have also continued to demonstrate their unique strength in bringing together a wide range of sectors and service users to identify solutions in addressing complex and cross cutting issues.
- 3.33 The reviews undertaken are a key element of the continuous review of our arrangements and ensuring that they are up-to-date and fit for purpose.

Of particular note have been the reviews of:

- Non Contract Spend
- Career Families
- Commissioning arrangements
- ICT prioritisation of projects and project governance arrangements
- Fees and Charges
- Digital Inclusion

### **Effectively developing skills and capacity**

- 3.34 Our Best Council Plan sets out our ambitions to become a more efficient and enterprising council. We are progressing this by improving our organisational design, developing our people and working with partners to effect change. Key strands of our work are to simplify, standardise and share our internal processes and develop an agile, skilled and diverse workforce with the ability to work flexibly.
- 3.35 We have recognised that this programme of change can only be delivered with colleagues and so we have invested in a number of initiatives, such as the Manager Challenge and Leadership Development programmes, to help create the flexibility, capacity and skills necessary to continue to meet our statutory responsibilities and provide front line services in a time of significant budget restraint.
- 3.36 We also recognise the importance of undertaking 'quality' appraisals with colleagues (for the last two years over 97% of staff received an annual appraisal) and in ensuring, through online and bespoke training that colleagues are equipped with the necessary equalities and health and safety knowledge they need to carry out their roles.
- 3.36 As community leaders, it is vital that our councillors are supported to be as effective as possible. A variety of learning programmes is in place and is continually monitored and evaluated. Where needed, new learning programmes are developed and implemented quickly and effectively.

## Effective Engagement

- 3.37 The delivery of Our Best Council Plan recognises the importance of effective engagement with the public, partners and staff and taking account of this in decisions that we take. A central theme running throughout our Best Council Plan is to tackle inequalities and so we also recognise the importance of taking account of equality considerations in the decisions we take.
- 3.38 As reported in our Annual Governance Statement in 2015, we sought reaccreditation at the 'Excellent' level to the Equality Framework for Local Government. The framework is a national standard for measuring an organisation's commitment and ability to mainstream equality. In January 2016 confirmation was received that our reaccreditation at the 'Excellent' level had been successful with the peer group assessment team commenting that they were "impressed by what it saw and had no hesitation about awarding the 'Excellent' level to Leeds City Council and looks forward to working with the council in future to help the rest of the sector continue to meet diverse needs and address inequalities".
- 3.39 There has been increased effort in using digital channels to reach audiences with an improved website and a greater use of social media by a growing number of colleagues. Work is on-going to ensure that there are sufficient policy and technological safeguards to protect both employees and the council's reputation as social media use continues to grow.
- 3.40 We have embraced these new opportunities by webcasting our full council meetings and opening up meetings of our committees, boards and panels by enabling third party recording. Since introducing this engagement tool there has been in excess of 38,000 views of our council meetings. From March 2016 Webcasting coverage has been extended to meetings of our Executive Board.
- 3.41 We have worked with our trade union colleagues to make significant reductions in staffing costs through: changing employment terms and conditions; a pause on agency, overtime and external recruitment; more flexible movement of staff across the council; and challenging spend as appropriate. In addition we have introduced the Manager Challenge programme to help embed excellent manager habits. Our staff survey results tell how we are performing on levels of staff engagement; we scored 7.2 out of 10 for our key engagement measure, which is 'If a friend asked you to give a score working for Leeds City Council from 1-10 (with 10 being the best), what would it be?'. We have also retained our status as an 'Investors in People' employer, as part of which over 7000 colleagues (45% of the workforce) shared their views in our annual employee engagement survey – our ambition is to continue to prioritise how we improve on engagement activities.

## **Internal Audit Opinion**

- 3.42 The annual report, from the Acting Head of Internal Audit, objectively examined, evaluated and reported on the control environment within the council and provided an opinion about the adequacy of the systems and processes in place.
- 3.43 On the basis of the audit work undertaken during the 2015/16 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. There are no outstanding significant issues arising from the work undertaken by internal audit.
- 3.44 The audit work undertaken to support this opinion has been conducted in accordance with an established methodology that promotes quality and conformance with the International Standards for the Professional Practice of Internal Auditing.

## **An Independent opinion of effectiveness**

- 3.45 External audit have again evaluated the Council's key financial systems as part of their interim audit work in respect of the 2015/16 accounts and have confirmed that nothing has come to their attention which they would be required to communicate to the authority. This work involved;
- Understanding accounting and reporting activities,
  - Evaluating design and implementation of selected controls,
  - Testing the operating effectiveness of selected controls,
  - Assessing the control risk and risk of the accounts being misstated.

## **4. SIGNIFICANT GOVERNANCE CHALLENGES**

- 4.1 Our organisational control environment is effective overall, with no significant issues or areas for improvement. However we face a number of significant and ongoing challenges which will impact upon our governance arrangements and how we operate as a provider of public services.

### **Changes in Proper Practice from 2017**

- 4.2 The Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives have recently collaborated in producing a redefined Good Governance Framework for Local Government and associated guidance. The new framework is different in a number of ways, in particular the positioning of the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures.
- 4.3 The preparation and publication of an Annual Governance Statement in accordance with this new framework will apply from 2017 and will fulfil the statutory requirement for us to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with our Statement of Accounts. During the forthcoming year we will need to review our Code of Corporate Governance to ensure that it reflects the new arrangements.
- 4.4 However as part of our transition to the new reporting arrangements this part our Statement for 2016 includes references to some of the challenges we are facing around the factors that are contained in the new framework.

### **Financial Pressures**

- 4.5 Between the 2010/11 and 2015/16 budgets, our core funding from Government has reduced by around £180m and in addition we have faced significant demand-led cost pressures. We have responded successfully to the challenge and have marginally underspent in every year since 2010. Over the next four years we will see further reductions in core funding from government, expected to be in the in the order of £87m.
- 4.6 Adding spending pressures will require the Council to deliver an even greater level of savings, which will be significantly front-loaded over the first two years of the period with the level of savings in just 2016/17, being in excess of £76m. This will have implications for which services we deliver, how we deliver them and for our workforce and will necessitate a further step change in the pace of change already in progress. Our vision is to have an integrated local workforce, with local leadership working in multi-disciplinary teams. These teams will work to engage and understand local assets and needs, manage demand, improve outcomes and have a very strong and effective link with local democratic leadership.

- 4.7 The government have announced that by 2020 local government will be able to retain 100% of business rates, estimated to be £26 billion nationally, at which time government will withdraw its core funding of local government completely. In order to ensure that its impact is fiscally neutral in terms of the national finances, the government propose to transfer a number of new functions to local government. This will be a fundamental change in the way local government is financed. Specifically the increasing number of children and young people in the city brings with it an increasing number of children with special and very complex needs. In budgetary terms this specifically impacts on placements budgets for children looked after.
- 4.8 Approximately £3.5m of savings in the 2016/17 budget hinges on Children's Services continuing to safely and appropriately reduce both the number of children looked after and more expensive external placements. That said the service continues to face significant demographic and demand pressures in terms of:
- High birth rates, particularly within the most deprived clusters within the city.
  - Increasing inward migration into the city, particularly from BME groups from outside the UK.
  - Increasing population of children & young people with special and very complex needs.
  - Greater awareness of the risks and prevalence of child sexual exploitation.
  - Growing expectations of families and carers in terms of services offered.
  - Changes in government legislation, including "Staying Put" arrangements which enable young people to remain with their carers up to the age of 21.
- 4.9 The increased birth rate and migration is also impacting on our duty to ensure sufficient school places, with a major expansion programme that has been underway since 2009. Over 1400 new reception places have been created with around 600 more still necessary. The impact on secondary school places is also now being experienced and is in the process of being resolved. Although, current projections indicate that, there will be a shortfall in government funding that may amount to £67.5m over the next three years.
- 4.10 These factors continue to put increased pressure on children in care placements budgets, spending on children and young people with complex needs and transport budgets, particularly for those vulnerable children with particularly complex needs.

### **Cities and Local Government Devolution Bill**

- 4.11 We are convinced that there is a compelling case for devolving to the Leeds City Region. The Leeds City Region has the UK's largest city region economy outside London, with an economic output of £57.7bn. Over 92% of its 2.8m population work within its area and over 50,000 people commute between the areas of Craven, Harrogate, Selby and York and West Yorkshire.

- 4.12 At the time of writing this submission the outcome of the bid has not been announced. What though is clear is that in light of whatever agreement is reached there will be enhanced roles for Leeds councillors, whether that is as members with decision making responsibilities, as scrutiny members with oversight of mayoral decision making or possibly as part of a wider Assembly of members.

### **Welfare Reform and Work Act 2016 & Housing & Planning Bill 2015**

- 4.13 The Welfare Reform & Work Act (2016) requires the Council to reduce its dwelling rents by 1% for each of the 4 years (2016/17 to 2019/20). This equates to a £2.2m cash reduction each year (£20.5m over the 4 year period). The rollout of Universal Credit in Leeds commenced in February 2016 and once fully implemented it will require the Council to collect rent directly from around 24,000 tenants. This will have implications for the level of rental income receivable.
- 4.14 The Housing & Planning Bill 2015 proposes fundamental changes to the nature and provision of social and affordable housing. Although details are not yet known it is anticipated that the proposals for the sale of high value properties and “pay to stay” will not only further reduce income to the Council’s Housing Revenue Account (HRA) but will add an extra administrative burden.
- 4.15 The cumulative impact of these changes will need to be carefully managed in addition to other pay, price and service pressures through a combination of identifying efficiencies, implementing cost reductions in the HRA and reviewing charges.

### **Our Best City Ambitions**

- 4.16 Maintaining provision of good quality, efficient services that communities in the city need is essential, while finding new ways of delivering the best for Leeds. Innovative approaches developed with service users, citizens and partners are already changing relationships and shifting responsibilities.
- 4.17 Our Best Council Plan for 2016/17 continues the aim set out in the Best Council Plan 2015/16 of reducing inequalities but articulates this more firmly around the integrated concepts of promoting economic growth and of being a compassionate city. We will use the Joint Strategic Needs Analysis and analysis of Index of Multiple Deprivation to evidence where any differential level of service or investment is needed and in particular focus where outcomes are currently poor and costs are high.
- 4.18 This approach recognises the challenges that the city and the council are facing: 2016/17 will bring continued reductions in the council’s funding and this is set to continue to 2020; Leeds has a growing and ageing population with increasingly complex needs; some communities are not benefiting from the economic growth the city has experienced and welfare changes could make the inequality gap bigger. Having a clear, strategic vision centred firmly on tackling poverty and inequalities will help tackle these challenges.

## **The Local Development Framework**

- 4.19 As a local planning authority Leeds has a significant responsibility to put an appropriate planning framework in place, not only to provide direction and certainty for investment decisions but also to lead by example. Our Core Strategy provides a 16 year spatial plan for the district, which sets the overall priorities for regeneration, environmental protection and the scale and distribution of housing and economic growth. This document is underpinned by a substantial evidence base (which includes the Strategic Housing Land Availability Assessment and Strategic Housing Market Assessment). These plans will be used as a basis to allocate land for development.

## **Public Health**

- 4.20 Despite the reduction in the ring-fenced public health funds provided by central government, our statutory functions for public health remain and our clear objective is that the citizens of Leeds enjoy a happy, healthy, active life. At a strategic level this will be driven through our Health and Wellbeing Board and at a local level through community committees and neighbourhood forums

## **Adult Social Care**

- 4.21 Demographic changes including an ageing society, increased life expectancy of people with long term conditions and the increasing number of family carers are factors that need to be taken into account when planning for the future. The financial and 'system' challenge in this respect in Leeds is substantial.
- 4.22 Adult social care services are responding to this and the legislative changes arising from the introduction of the Care Act in April 2015. The Care Act (2014) represents a radical redesign of adult social care services. The Act consolidates all existing legislation for adult social care into one statute. The Act places an individual's wellbeing at the heart of social care with the aim of preventing, reducing or delaying the need for care and support and also introduces new duties on councils responsible for adult social care.
- 4.23 These include: the promotion of wellbeing, compliance with a national assessment and eligibility criteria, recognising and responding to individual carers' rights, focusing resources on prevention, integrating services with the NHS, offering a comprehensive advice and information service, widening access to personal budgets (to include carers), ensuring safeguarding procedures are in place and overseeing and shaping the care market.
- 4.24 The introduction of the Care Act (2014) requires changes to the way in which our services are currently delivered with executive members, scrutiny members, community champions, local ward members and officers playing a lead role in the development, delivery and oversight of the service. The next phase of our Better Lives strategy is to focus on rolling out a model of community-led social work which will devolve greater responsibility and flexibility to our integrated neighbourhood teams.

## **Air Quality**

- 4.25 The Department for Environment, Food and Rural Affairs has recently published a consultation document that identified Leeds as one of seven locations in England that currently is not expected to be fully compliant with aspects of the European Directives for Air Quality by 2020.
- 4.26 A West Yorkshire Low Emission Strategy 2016 to 2021 (WYLES) has been developed through collaboration between the Councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield Council as well as Public Health England and West Yorkshire Combined Authority. The WYLES therefore provides the framework for the specific activity that Leeds Council plans to undertake to improve air quality. The Council has developed a high level plan supported by a detailed action plan to meet the specific targets contained within the WYLES.

## **Energy Efficiency**

- 4.27 Although the national policy context for energy efficiency is difficult, we are continuing to identify opportunities that will enable us to improve the fabric of the city's homes, lower residents' bills, reduce CO2 emissions and tackle fuel poverty. It is however almost inevitable that the installation rate and linked improvements to bills, CO2 and fuel poverty will slow down.
- 4.28 The council will continue to bid for any suitable funding that becomes available but the most efficient way to be able to continue to reduce emissions at a city level is to focus on getting energy efficiency included within a strong devolution deal for LCR. We have signed the European Covenant of Mayors which commits us to publishing a Sustainable Energy Action Plan which will aid our public reporting on this issue.

## **Community Committees and Community Hubs**

- 4.29 Our community based approach remains a high priority, particularly ensuring that we;
- focus on 'local', making sure that services join up effectively and really meet the needs of local people;
  - develop community committee's quality improvement and assurance role, essentially how the committees act as the eyes and ears for the delivery of local services, and making recommendations back to the Executive Board where necessary;
  - continue to improve local decision making with better intelligence gathered at the local level;
  - use communications and social media more strategically, moving from broadcast to conversation and engagement; and
  - introduce a robust system of local performance management to demonstrate where positive discussions with residents have led to services changing and projects delivered to meet needs.



- 4.30 Part of our approach is to develop a Community Hub network based on 3 'types' of provision: Community Hub 'Extra', Community Hub 'Local' and Community Hub 'Mobile'. Our aim is to have provision in each ward based on one or more of the Community Hubs outlined above and for local ward members and community committees to direct and influence the final proposals on the Community Hub network. The success of this vision relies on engagement with local school clusters, neighbourhood networks and CCGs to ensure there is full integration at a local level and all local governance structures are working together to meet the full range of needs within local communities.

### **Data Protection**

- 4.31 The General Data Protection Regulation (GDPR) which will replace the current Data Protection Act 1998, will pass directly into Member State law taking effect from 25 May 2018. The new data protection rules are designed to give citizens across the EU more control of their personal data, and to create a high, uniform level of data protection across the 28 members states, fit for the digital era. The GDPR imposes new and significantly more stringent requirements for the handling of personal data on all organisations which use personal data. These requirements will affect most parts of the Council.
- 4.32 The Information Commissioner's advice is for organisations to immediately begin preparations to implement the GDPR, and they have produced a 12 step checklist to aid organisations do this. An officer group has analysed the provisions set out in the GDPR, and has advised that the impact on the Council is likely to be significant. Corporate Leadership Team has received a preliminary report on the GDPR, and has approved the setting up of a project board to oversee implementation across the Council.
- 4.33 It is clear that new procedures will need to be put in place to deal with the GDPR provisions relating to transparency and individuals' rights, and this could have significant budgetary, IT, personnel, governance and communications implications. In addition, the GDPR places greater emphasis on the explicit design of organisational and technical measures to secure compliance with the principles (privacy by default and design).
- 4.34 We will need to be able to demonstrate that it has put in place appropriate technical and organisational measures, to ensure and to demonstrate compliance with all aspects of the GDPR. All of these processes will be monitored and audited to ensure on-going effectiveness. These more exacting requirements mean we will need to review its approach to governance, and how data protection compliance is managed as a corporate issue.
- 4.35 Staff will need to complete the council's Information Governance Level 1 training. This is an e-learning for PC users with a brochure with relevant information for non-PC users. This training is mandatory for all staff as it's vital that everybody working with personal information knows their responsibilities and is aware of the things which should and shouldn't be done when handling personal data.

## 5. ASSURANCE SUMMARY

- 5.1 Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making - collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing public money is well spent. Without good governance councils will struggle to improve services.
- 5.2 From the review, assessment and on-going monitoring work undertaken and supported by the ongoing work of Internal Audit, we have reached the opinion that, overall, key systems are operating soundly and that there are no fundamental control weaknesses.
- 5.3 We can confirm, to the best of our knowledge and belief, and there having been appropriate enquiries made, that this statement provides an accurate and fair view.

Signed

Signed

Date

Date

**Councillor Judith Blake**  
Leader of the Council

**Councillor Pauleen Grahame**  
Chair, Corporate Governance and  
Audit Committee

Signed

Signed

Date

Date

**Tom Riordan**  
Chief Executive

**Alan Gay**  
Deputy Chief Executive and  
Section 151 Officer

Signed

Date

**Catherine Witham**  
City Solicitor & Monitoring Officer

