



# **Annual Governance Statement 2011**

## **1. SCOPE OF RESPONSIBILITY**

The changing needs of our citizens and communities, significant reductions in resources and central government reforms, present a challenge to all councils. In addressing these challenges the Council must ensure that governance arrangements (the way we direct and control our business and relate to communities) supports the effective delivery of services and management of risk.

Our Code of Corporate Governance outlines our governance principles;

1. Focussing on the Council's purpose and community needs;
2. Having clear responsibilities and arrangements for accountability;
3. Good conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
5. Developing the capacity and capability of members and officers to be effective;
6. Engaging with local people and other stakeholders.

By applying the principles in the Code the Council commits itself to devising and delivering services to the citizens of Leeds in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity.

This statement describes how the council has complied with our Code of Corporate Governance and how we have met the requirements of the Accounts and Audit Regulations 2011. The statement should be read alongside our planning, performance management and accountability arrangements described in;

- The Vision for Leeds 2011-2030
- Our City Priority Plans 2011-2015
- Our Council Business Plan 2011-2015

## **2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

The governance framework in Leeds comprises the systems and processes, and culture and values that allow us to monitor the achievement of our strategic objectives and establish the extent to which services are delivered in an appropriate and cost effective way.

The system of 'internal control' is a significant part of our governance arrangements and is designed to manage risk to a reasonable level. It cannot eliminate all risks but can provide reasonable assurance of effectiveness.

The governance framework has been in place for the year ended 31 March 2011 and up to the date of approval of this Annual Governance Statement and the Annual Report and Statement of Accounts.

### **3. THE FRAMEWORK**

The systems and processes which comprise our governance arrangements include our:

- Vision, shared priorities and intended outcomes for citizens and service users documented in the Vision for Leeds, Council Business Plan and other documents contained in our Budget and Policy Framework;
- Performance and accountability arrangements that measure the quality of services; ensuring they are delivered in accordance with our objectives and that they represent the best use of resources;
- Delegation and sub delegation arrangements which document the roles and responsibilities of the executive, non-executive, scrutiny and statutory officer functions;
- Values and codes of conduct that define the standards of behaviour for members and staff,
- Procedure rules and internal management processes for;
  - Financial Management
  - Procurement
  - Health and Safety
  - Compliance with statutory obligations
  - Decision making
  - Risk Management
  - Whistleblowing and Complaints handling
  - Appraisal and development
  - Anti Fraud & Corruption
- Arrangements for consultation and engagement with the community
- Internal Audit service
- Corporate Governance and Audit Committee
- Arrangements for the receipt and consideration of External Audit and Inspection Reports

### **4. REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control.

The review of effectiveness is informed by decisions taken and matters considered by Full Council and committees appointed by Full Council, the Executive Board, Corporate Leadership Team (and 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.

The Council has reviewed objectives and dependencies of the Vision for Leeds 2011 to 2030, City Priority Plans and Council Business Plan for the period 2011 to 2015.

The changes made to the city and council planning and partnership framework have allowed the introduction of an outcomes based accountability approach that has been incorporated into the strategic planning and performance management arrangements.

The Council continues to provide arrangements for citizens to present their concerns to the Council, these include deputations to Full Council and Area Committees, Open Forum items at Area Committee meetings and arrangements for members of the public make a request for scrutiny and to submit petitions.

Whilst progress has been made to agree policies and implement procedures to govern the management of data and information, a number of information security issues have arisen during the year. An action plan to further communicate data management requirements and ensure routine compliance with them is in the process of being implemented.

Positive assurances have been given by the Chief Planning Services Officer (in respect of planning functions), the Director of Resources relating to the council's executive decision making framework, access to information processes, and financial management procedures, and from the Scrutiny Officer in relation to the Council's Overview and Scrutiny arrangements.

The delegation scheme for Council and Executive responsibilities has been regularly reviewed and updated to reflect various legislative and organisational changes. Sub delegation processes are in place and provide a clear description of decision making responsibilities below director level.

A positive assurance has been received from the Strategic landlord as to the operation of internal control processes within the Arms Length Management Organisations.

Codes of Conduct for both employees and Members have been reviewed and new a set of values have been agreed within the council's Business Plan for 2011-15.

Registers of Interest for Elected Members and Employees have been maintained and arrangements are in place for the declaration of personal and prejudicial interests when decisions are taken. The Standards Committee has operated in accordance with legislative requirements.

The Executive Board has overall responsibility for managing risk. The Executive Board has approved the corporate risk register of the significant business risks facing the council and the Corporate Governance and Audit Committee has received positive assurances about the operation of the arrangements for identifying and managing risk.

The Executive Board has received reports from Ofsted, the Care Quality Commission, and Her Majesty's Inspectorate of Probation. The findings and recommendations from these agencies have been carefully considered and arrangements put in place to address and monitor the implementation of the recommendations arising.

In light of the changes to the performance reporting arrangements going forward further work will be undertaken to review to the arrangement for the receipt and consideration of external audit and inspection reports.

The Corporate Governance and Audit Committee has received the Ombudsman's Annual Letter which provided a favourable opinion as to how the Council deals with circumstances where council services fall below expectations.

However during the year the Ombudsman issued two reports with findings of maladministration and injustice – each of which were considered by the Executive Board. The Council deeply regrets the shortcomings in service provision which the Ombudsman has reported. Apologies have been given to those affected and the remedies proposed by the Ombudsman have either been implemented, are soon to be implemented or are to form part of a longer term action plan within the Children's Services directorate.

The Council's Head of Internal Audit function reports to the Corporate Governance & Audit Committee, every other meeting on significant matters arising in respect of the control environment.

The annual internal audit report concluded that the internal control environment, including the key financial systems, is well established and continues to generally operate well in practice.

## 5. SIGNIFICANT GOVERNANCE ISSUES

The challenges facing us, particularly arising from the changing needs of our citizens and communities, significant reductions in resources and the central government's reform agenda, are significant and we are determined not to be complacent.

The changing face of service delivery with greater emphasis on partnership working with local and regional bodies and in a variety of settings has been identified raising issues concerning governance and financial accountability and control.

The Council Business Plan provides the framework for how the Council has prioritised these challenges over the period between 2011–15 and includes the following objectives:

- **Appraisals** – every year 100% of staff have an appraisal – this will help ensure staff have a clear understanding of their role as well as clear objectives and performance targets.
- **Engagement** – increase the level of engagement so that staff are fully involved in delivering change and feel able to make an impact on how services are delivered.
- **Consultation** – ensure that all major decisions affecting the lives of communities evidence that appropriate consultation has taken place.
- **Equality** - ensure that all major decisions evidence that appropriate consideration of equality issues has taken place.
- **Budget** – ensure that all directorates work within their approved budget with no overspends.
- Delivery of the city's **planning and performance management** framework
- Put in place effective **workforce planning** arrangements that enable the reduction in the size of the workforce required by the budget
- Maintain a **robust and proportionate control environment**
- Delivery **effective financial planning and management** arrangements which ensure the maintenance of our revenue reserves
- Deliver effective leadership and governance arrangements for the **city region** partnership

In addition action plans have been drawn up to address recommendations arising from external and internal audit reports, findings from Inspectorates and issues identified and reported by the Local Government Ombudsman.

In light of the changes to the performance reporting arrangements going forward further work will be undertaken to review the arrangements for the receipt and consideration of external audit and inspection reports.

The Corporate Governance and Audit Committee will seek assurances (and provide challenge) on the progress made in responding to these matters.

### **ASSURANCE SUMMARY**

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.

From the review, assessment and on-going monitoring work undertaken and supported by the ongoing work undertaken by Internal Audit, we have reached the opinion that, overall, key systems are operating soundly and that there are no fundamental control weaknesses.

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 Keith Wakefield  
Leader of the Council**

**Tom Riordan  
Chief Executive**

*Signed*

*Signed*

Date

Date

**Councillor Geoff Driver  
Chair, Corporate Governance  
and Audit Committee**

**Alan Gay  
Director of Resources**