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## **CORPORATE GOVERNANCE AND AUDIT COMMITTEE**

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**Meeting to be held in Civic Hall, Leeds on  
Tuesday, 30th June, 2009  
at 2.00 pm**

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### **MEMBERSHIP**

#### **Councillors**

G Driver  
P Grahame  
N Taggart  
A Lowe

C Campbell  
G Kirkland

J Bale (Chair)  
G Latty

T Leadley

D Blackburn

#### **Co-opted Member**

M Wilkinson  
(Chair of Standards Committee)

# A G E N D A

Item No	Ward	Item Not Open		Page No
1			<p><b>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</b></p> <p>To consider any appeals in accordance with Procedure Rule 25 of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(*In accordance with Procedure Rule 25, written notice of an appeal must be received by the Chief Democratic Services Officer at least 24 hours before the meeting)</p>	
2			<p><b>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</b></p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p><b>RESOLVED</b> – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-</p>	

Item No	Ward	Item Not Open		Page No
3			<p><b>LATE ITEMS</b></p> <p>To identify items which have been admitted to the agenda by the Chair for consideration</p> <p>(The special circumstances shall be specified in the minutes)</p>	
4			<p><b>DECLARATION OF INTERESTS</b></p> <p>To declare any personal / prejudicial interests for the purpose of Section 81(3) if the Local Government Act 2000 and paragraphs 8 to 12 of the Members Code of Conduct.</p>	
5			<p><b>APOLOGIES FOR ABSENCE</b></p> <p>To receive any apologies for absence from the meeting.</p>	
6			<p><b>MINUTES OF THE PREVIOUS MEETING</b></p> <p>To confirm as a correct record the minutes of the meeting held on 12<sup>th</sup> May 2009.</p>	1 - 8
7			<p><b>STANDARDS COMMITTEE ANNUAL REPORT 2008/09</b></p> <p>To receive a report of the Assistant Chief Executive (Corporate Governance) presenting the Standards Committee Annual Report 2008/09.</p>	9 - 38
8			<p><b>MEMBER DEVELOPMENT ANNUAL REPORT 2008/09</b></p> <p>To receive a report of the Chief Democratic Services Officer presenting the Member Development Annual Report for 2008/09.</p>	39 - 66

Item No	Ward	Item Not Open		Page No
9			<p><b>KPMG SCRUTINY REVIEW</b></p> <p>To receive a report of the Assistant Chief Executive (Corporate Governance) presenting KPMG's report on the Council's scrutiny arrangements.</p>	67 - 106
10			<p><b>ANNUAL MONITORING OF KEY AND MAJOR DECISIONS</b></p> <p>To receive a report of the Assistant Chief Executive (Corporate Governance) providing assurances to the Corporate Governance and Audit Committee with regard to the administration of Key and Major decisions notified to Democratic Services during the financial year 2008/09.</p>	107 - 114
11			<p><b>CORPORATE GOVERNANCE STATEMENT 2009</b></p> <p>To receive a report of the Assistant Chief Executive (Corporate Governance) regarding the Corporate Governance Statement 2009.</p>	115 - 116
12			<p><b>KPMG INTERIM AUDIT REPORT ON THE STATEMENT OF ACCOUNTS</b></p> <p>To receive a report of the Director of Resources presenting KPMG's interim audit report on the Statement of Accounts 2008/09.</p>	117 - 138
13			<p><b>STATEMENT OF ACCOUNTS 2008/09</b></p> <p>To receive a report of the Director of Resources presenting for Members' approval Leeds City Council's Statement of Accounts for 2008/09.</p>	139 - 146

Item No	Ward	Item Not Open		Page No
14			<p><b>ANNUAL EXTERNAL AUDIT AND INSPECTION PLAN 2009/10</b></p> <p>To receive a report of the Director of Resources presenting for Members' approval the External Audit and Inspection Plan for 2009/10.</p>	147 - 156
15			<p><b>WORK PROGRAMME</b></p> <p>To receive a report of the Assistant Chief Executive (Corporate Governance) notifying and inviting comment from the Committee upon the work programme for the 2009/10 municipal year.</p>	157 - 166

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# Agenda Item 6

## Corporate Governance and Audit Committee

Tuesday, 12th May, 2009

**PRESENT:** Councillor J Bale in the Chair  
Councillors D Blackburn, G Driver,  
P Grahame, M Iqbal, G Latty, N Taggart  
and C Campbell

Apologies Councillors J Elliott and G Kirkland and Mr  
M Wilkinson

### **125 Appeals Against Refusal of Inspection of Documents**

There were no appeals against refusal of inspection of documents.

### **126 Exempt Information - Possible Exclusion of the Press and Public**

There were no resolutions to exclude the public.

### **127 Late Items**

In accordance with his powers under Section 100B(4)(b) of the Local Government Act 1972, the Chair admitted to the agenda the minutes of the previous meeting held on 30<sup>th</sup> April 2009, which were to be considered at agenda item 6 (Minute No. 130 refers).

Due to the limited timescales between the previous meeting and the publication of the agenda papers for this meeting, the minutes had been unavailable at the time of the agenda dispatch, and were required to be submitted to this meeting, in order to enable them to be considered and confirmed as a correct record.

### **128 Declaration of Interests**

No declarations of interest were made at the meeting.

### **129 Apologies for Absence**

Apologies for absence from the meeting were received on behalf of Councillors Elliot and Kirkland, and Mike Wilkinson.

### **130 Minutes of the Previous Meeting**

**RESOLVED** - That the minutes of the Corporate Governance and Audit Committee meeting held on 30<sup>th</sup> April 2009 be approved as a correct record.

(Councillor Grahame arrived at 2.05pm during the consideration of this item.)

### **131 Minutes of the Standards Committee**

Further to Minute 72, Members were informed of the reasons why the Standards Committee had resolved not to inform Members of the existence of a complaint against them until the Assessment Sub-Committee has met to consider it. It was also confirmed that this process would be reviewed in 6 month's time.

**RESOLVED** - That the minutes of the Standards Committee meeting held on 21<sup>st</sup> April 2009 be noted.

### **132 Improving the Council's ability to support residents' involvement in decision making**

The Corporate Consultation Manager presented a report of the Assistant Chief Executive (Planning, Policy and Improvement) informing Members of the steps being taken to improve the Council's ability to support residents' involvement in decision making.

Members particularly discussed:

- Whether the Council has a statutory duty to consult;
- The need for consultation to be undertaken in a consistent manner across a variety of media;
- The opportunity for broadcasting Council meetings;
- The need to use modern communication methods in order to reach young people, such as text messaging and social networking sites;
- Their disappointment that emphasis hadn't been placed on adapting the consultation methods used in order to ensure that all communities could take part, and the importance of relating consultation to topics that communities are concerned about;
- The lessons that could be learned from South Tyneside Council, which has had success in consulting with hard to reach communities; and
- The role for consultation at a City Region level.

It was agreed that an annual report regarding community engagement should be submitted to the Committee in the next municipal year, addressing the issues discussed, particularly the opportunity for broadcasting Council meetings, and the work being undertaken by the Area Management teams to empower communities.



**RESOLVED –**

- (a) That the information presented in the report and the development of governance structures for consultation (and wider engagement) within the Council be noted; and
- (b) That an annual report regarding community engagement be submitted to the Committee in the next municipal year, addressing the issues noted above.

**133 Governance Arrangements for the Waste Solution Programme**

The Chief Environmental Services Officer submitted a report exploring the various officer and Member accountabilities within the Waste Solution Programme.

The Committee was assured that the Waste Solution Programme is on schedule, and that the Council achieved its key waste targets for 2008/09.

In relation to the Residual Waste Treatment project, it was confirmed that the key outcomes (rather than the technology to be used) had been specified to the bidders and had formed the basis of the evaluation of submissions received. The Committee sought assurances on the timescales for the procurement going forward and enquired about the potential implications should agreement not be reached regarding the outcome.

It was confirmed that a report recommending the preferred bidder as a result of the procurement process would be submitted to Executive Board for final decision. Such a report would clearly set out all the options available to the Executive Board at that stage.

**RESOLVED –** That the report and the assurances provided in terms of the governance arrangements for the Waste Solution Programme be noted.

**134 Children's Services Inspections**

The Deputy Director of Children's Services presented a report of the Director of Children's Services clarifying the recommendations from both the JAR and APA inspections, how actions arising from them are being progressed in a co-ordinated manner, and how the various children's services inspection processes will be rationalised in the future through revisions to the Ofsted inspection regime that will come into effect later in 2009.

Members particularly discussed:

- The need to ensure that statistics presented to Boards and Committees within the Council are consistent;
- Their concerns regarding the proportion of young people who are not in employment, education or training, the infant mortality rate, and the low achievement of children from some minority ethnic backgrounds;
- The importance of being able to adapt services to meet the needs of all ethnic groups within Leeds;

- The need for Children's Services to have a process for measuring its own performance, as the outcome of inspections by different bodies has not been consistent; and
- Their concern regarding the lack of elected Member representation on and involvement with the various Children's Services Boards and Partnerships, and the need for this structure to be reviewed.

It was agreed that a report should be submitted to the Committee outlining a consistent process by which Children's Services can measure its own performance, including a 'traffic light' system in order that the Committee can establish where concerns exist. The Committee was reminded that a report would also be submitted regarding the governance arrangements of Children's trusts, including the involvement of Members, in light of the new guidance from the Department for Children, Schools and Families.

Members also requested that the 'Service Delivery' and 'Service Transformation' strands of the Children and Young People's Social Care Transformation Programme to be reviewed in order to make them more explicit.

#### **RESOLVED –**

- (a) That the report be noted, particularly the steps being taken to ensure a co-ordinated approach to responding to the JAR and APA recommendations; and
- (b) That a further report be submitted outlining a consistent process by which Children's Services can measure its own performance, including a 'traffic light' system; and
- (c) That a further report be submitted regarding the governance arrangements of Children's trusts, including the involvement of Members, in light of the new guidance from the Department for Children, Schools and Families.

(Councillor Iqbal left the meeting during the consideration of this item.)

### **135 Annual Report on the Council's Risk Management Arrangements**

The Principal Risk Management Officer presented a report of the Director of Resources providing Members with an overview of the Council's key risk management developments over 2008/09.

In discussing operational risks, the Committee was informed that the Risk Management Framework could be used at all levels within the authority, and that the responsibility for risk management is devolved to managers within each directorate. However, the Risk Management Unit is also available to provide advice where needed.

It was agreed that members of the Corporate Governance and Audit Committee should attend risk management training, and that it would be useful to train the Committee as a whole if possible.

**RESOLVED –**

- (a) That the report and the progress made in further embedding risk management across the authority be noted;
- (b) That the Committee will continue to review and challenge the Council's risk management arrangements, and attend risk management training sessions and briefings provided by the Risk Management Unit; and
- (c) That risk management training be provided to the Committee as a whole in the next municipal year.

**136 LCC Programme and Project Management Arrangements**

The Delivering Successful Change Project Manager presented a report of the Director of Resources providing an annual update on the continuing implementation and embedding of a consistent corporate approach to programme and project management by the DSC project, and an annual review of the Council's Portfolio, Programme and Project Management arrangements.

In response to Members' queries, it was confirmed that:

- The DSC methodology had been designed to be used for all projects, regardless of size or complexity; and
- Although the project manager may not have knowledge relevant to a particular project, a member of the project team should.

**RESOLVED –**

- (a) That the report be noted; and
- (b) That the project and programme approach that is in place across the Council be endorsed.

**137 KPMG Review of Costs & Cost Drivers in the Youth Service**

The Acting Chief Officer (Early Years and Youth Services) submitted a report summarising the key findings from KPMG's recent review of the costs and cost drivers within the Youth Service.

A representative from KPMG was in attendance to present the report and respond to Members' questions.

Members discussed the reasons why the Youth Services expenditure appeared to be high compared to the outcomes achieved, and the distinction between outputs and outcomes.

**RESOLVED –** That the findings of the review and the assurances provided be noted.

**138 Governance of Partnerships Update**

The Senior Corporate Governance Officer presented a report of the Assistant Chief Executive (Corporate Governance) updating Members on the progress

that has been made, and the next steps needed to ensure that the Council's significant partnerships have good governance arrangements in place.

The Committee discussed how the Framework and toolkit could be applied to partnerships that do not fall under the definition of 'significant'. It was confirmed that such partnerships would be encouraged to comply with the relevant sections of the Framework and toolkit.

**RESOLVED –**

- (a) That the register of significant partnerships be noted; and
- (b) That the process for monitoring compliance with the Framework and the training being delivered by Governance Services be noted.

(Councillor Campbell left the meeting prior to the consideration of this item.)

**139 Governance Statement Action Plan**

The Senior Corporate Governance Officer presented a report of the Assistant Chief Executive (Corporate Governance) updating Members on the progress that has been made in implementing the Corporate Governance Statement action plan.

**RESOLVED –** That the Corporate Governance Statement action plan be noted.

**140 Audit of Decision Making Process**

The Head of Internal Audit submitted a report advising the Committee on the control environment that is in place supporting Key and Major decisions taken by officers under delegated or sub-delegated authority, awareness of these requirements by relevant officers and compliance with existing procedures.

The Committee raised concerns, as a number of decisions tested had not been registered with Governance Services, did not appear on the Forward Plan, and had been implemented prior to the conclusion of the call-in period.

The Committee was also concerned that the sample tested was not large enough to establish the reasons for non-compliance. It was reported that two of the decisions tested had been specifically referred to Internal Audit for testing, however the remaining samples had been chosen at random.

The Committee was also assured that Internal Audit would continue to review the findings and recommendations, and that Governance Services could 'spot check' decisions throughout the year, as well as undertaking an annual review.

It was agreed that a report should be submitted to the Committee regarding the follow-up work that had been undertaken as a result of the Audit, and that the Chair should inform senior officers and members of Executive Board of the Committee's concerns. It was also agreed that further consideration

should be given as to whether the risks associated with unconstitutional decision making should be added to the Corporate Risk Register.

**RESOLVED –**

- (a) That the recommendations detailed in the Internal Audit report attached at Appendix 1 to the report be noted;
- (b) That a report be received regarding the follow-up work undertaken as a result of the Audit;
- (c) That the Chair raise the Committee's concerns with senior officers and members of Executive Board; and
- (d) That further consideration be given as to whether the risks associated with unconstitutional decision making should be added to the Corporate Risk Register.

**141 Work Programme**

The Assistant Chief Executive (Corporate Governance) submitted a report notifying Members of the draft work programme for 2009/10.

**RESOLVED –** That the draft work programme for the 2009/10 municipal year be noted.

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Originator: Amy Kelly

Tel: 0113 39 50261

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**Report of the Assistant Chief Executive (Corporate Governance)**

**Corporate Governance and Audit Committee**

**Date: 30<sup>th</sup> June 2009**

**Subject: Standards Committee Annual Report 2008/09**

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**Electoral Wards Affected:**

Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

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**Executive Summary**

1. The purpose of this report is to inform Members of the Standards Committee Annual Report, in line with the request of Members that this Committee receive six monthly update reports on the work of the Standards Committee. The Annual Report is attached at Appendix 1 to this report.

## **1.0 Purpose Of This Report**

- 1.1 To inform Members of the Standards Committee Annual Report 2008/09. The report is attached at Appendix 1.

## **2.0 Background Information**

- 2.1 The terms of reference of the Corporate Governance and Audit Committee include the function to “review the adequacy of Council’s Corporate Governance arrangements”, which includes the arrangements to ensure the appropriate conduct of Members and officers.
- 2.2 In order to support this function Corporate Governance and Audit Committee, at its meeting on the 19<sup>th</sup> April 2006<sup>1</sup>, requested that the Standards Committee produce a report on their work to be presented to this committee every 6 months.
- 2.3 At the Standards Committee meeting of the 25<sup>th</sup> April 2006<sup>2</sup> that committee agreed that the annual report would be presented to Corporate Governance and Audit Committee, to constitute the one of these 6 monthly updates.
- 2.3 The fourth annual report was approved by the Standards Committee at its meeting on 21<sup>st</sup> April 2009, and is due to be considered by Council on 15<sup>th</sup> July 2009.

## **3.0 Main Issues**

- 3.1 The following section of the report summarises the content of the Standards Committee Annual report.

### **3.2 The Work of the Committee 2008-2009**

The section regarding the work of the Committee is categorised in the same way as last year’s annual report, into issue areas which reflect the Committee’s terms of reference. However a section on the local assessment process has been added to incorporate this additional area of responsibility for the Standards Committee. The content is also broadly similar to the 6 monthly report which the Corporate Governance and Audit Committee received on 11<sup>th</sup> February 2009.

### **3.3 Promoting, monitoring and reviewing the codes of conduct**

- Members Code of Conduct 2009
- Reviewing the Codes and Protocols
- Ethical Audit 2007
- Monitoring compliance with the Code of Conduct
- Considering final investigation reports
- Register of Interests and Gifts and Hospitality
- Officer Code of Conduct

### **3.4 Local assessment of complaints**

- Creation of the Assessment and Review Sub-Committees
- Adopting the local assessment procedures
- Review of local assessment procedures
- Raising awareness of the local assessment process

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<sup>1</sup> See Minute 60 of the meeting of the 19<sup>th</sup> April 2006.

<sup>2</sup> See Minute 91 of the meeting of the 25<sup>th</sup> April 2006.



- Training and guidance for members of the sub-committees
- 3.5 Providing guidance and training
- Induction for City Councillors
  - Governance Matters
- 3.6 Relationship with Parish and Town Councils
- Addressing the results of the Annual Audit
  - Parish and Town Council conference
  - Training for Parish and Town Councillors
- 3.7 Working with other agencies
- Consultation and Research
  - Local Government Chronicle Awards 2009
  - The Centre for Local & Regional Government Research
  - Standards Board for England
  - Association of Independent Members of Standards Committees in England (AIMSce)

#### Issues for 2009 - 2010

- 3.8 The potential work of the Committee for the next municipal year is summarised at the end of the report.

These issues are outlined below:

- Implementation of the Ethical Audit action plan
- Raising the profile of the Standards Committee
- Implementation of the new Member and Officer Codes of Conduct
- Retirement of the current Chair

#### **4.0 Implications For Council Policy And Governance**

- 4.1 There are no implications for Council policy.
- 4.2 By producing a report which details its work throughout the year, and the principal decisions it has taken, the Standards Committee is promoting transparency in its actions.
- 4.3 The annual report is also a method by which Members and officers can be informed of the Standards Committee's role and its inputs and outputs. This is an objective of the corporate governance communication plan which seeks to cascade regular information to Members and officers. The annual report will therefore have a fundamental contribution to the corporate governance arrangements of the Council.

#### **5.0 Legal And Resource Implications**

- 5.1 There are no legal or resource implications.

#### **6.0 Conclusions**

- 6.1 The publication of this annual report will support the Council's governance arrangements by promoting transparency in the Standards Committee's actions and help fulfill the corporate governance communication plan.

6.2 By receiving and noting this report the Corporate Governance and Audit Committee will be fulfilling its function to review of the adequacy of the Council's Corporate Governance arrangements.

## **7.0 Recommendations**

7.1 Members are asked to note the Standards Committee Annual Report 2008/09 as set out in Appendix 1.

### Background Documents

- Report of the Assistant Chief Executive (Corporate Governance) to Corporate Governance & Audit Committee, "Standards Committee half year progress report", 11<sup>th</sup> February 2009
- Report of the Assistant Chief Executive (Corporate Governance) to Standards Committee, "Standards Committee Annual Report 2008/09", 21<sup>st</sup> April 2009

# Leeds City Council

## Standards Committee

### Annual Report 2008 – 2009



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## Introduction

The Local Government Act 2000 requires councils to set up a standards committee. Standards committees have a proactive role in creating an ethical framework which governs the relationship between high standards of conduct and transparency and openness in decision making. As a result of the Local Government and Public Involvement in Health Act 2007 and the Standards Committee (England) Regulations 2008, the role of the Standards Committee has recently developed to include the local assessment of the complaints.

This is the Committee's fourth Annual Report and it presents a summary of the Leeds City Council Standards Committee's work during 2008/2009. This report supports the Corporate Governance arrangements of the Council by promoting good conduct and cascading information.

## Our Ambition

**"To help develop and maintain a climate of mutual trust and respect in which Members, officers and partners work effectively together to deliver the Council's strategic and operational priorities and where the public can be assured that this is done in an honest, objective and accountable way."**

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## Foreword from the Chair



This year the Standards Committee of Leeds City Council was shortlisted in the Standards and Ethics category of the Local Government Chronicle Awards 2009. Six local authorities were shortlisted, from a total of 22 entries, for their dynamic approach to improving and promoting ethical standards among members while boosting public confidence in local democracy. Unfortunately Leeds did not win the award this year, although all the finalists were congratulated at the event.

This year the Standards Committee has successfully met the challenge of adapting to their new local assessment role, and the Council has decided to expand their membership to assist them with this. The additional Members of the Standards Committee will take up their positions on the Committee at the beginning of the 2009/10 municipal year.

We hope you enjoy learning about the Standards Committee and its work throughout the 2008/09 municipal year.

A handwritten signature in black ink that reads "M. Wilkerson". The signature is written in a cursive style with a large, sweeping underline.

**Chair of the Standards Committee**



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## Members of the Committee

The Standards Committee is composed of three independent members, five City Councillors, and two Parish Councillors.

### Independent Members

The purpose of independent members is to help increase public confidence in ethical standards and provide a clear signal that the Standards Committee is fair. Independent members also bring a wider perspective to the Standards Committee from outside experiences. Independent members are not Members or officers of the Council, and are not actively engaged in local party political activity. They are appointed by the Full Council for terms of four years, and can serve two terms overall. This is to prevent them losing their independence from the authority.

#### Mike Wilkinson

has been an independent member and Chair of the Committee since 2002. He is also the Chair of the Standards Committee at the West Yorkshire Fire and Rescue Authority. Until 2001 he was a University Secretary and Clerk to the Board at Leeds Metropolitan University. He is a magistrate on the Leeds Bench and also acts as an Independent Assessor to the Student Loans Company. He is a Director of UNIPOL Student Homes. His final term of office runs until the Annual Meeting in 2010.



#### Rosemary Greaves

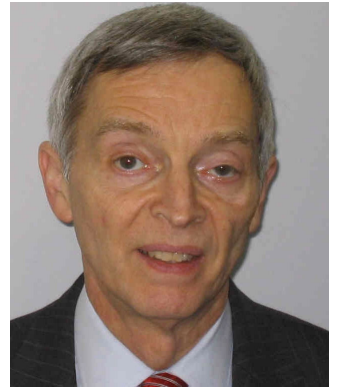
joined the Standards Committee in 2004 as a reserve independent member. Rosemary previously worked for BT as a Business Manager specialising in business development and strategy which includes developing significant new business propositions or identifying potential acquisition requirements. Rosemary became a full independent member in 2007 and her current term of office runs until the Annual Meeting in 2011.



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## **Philip Turnpenny**

joined the Standards Committee in April 2008. Philip is the retired Director of Human Resources at Moores Furniture Group in Wetherby, and now acts as a consultant. Philip is a Magistrate sitting in both the Adult and Family Proceedings Courts in Bradford and a governor at Tadcaster Grammar School as well as the Chairman of their Finance Committee. Philip also sits on the Boards of Foundation Housing and Northcall. Philip's current term of office runs until the Annual Meeting in 2012.



## **Leeds City Councillors**

The Councillors on the Standards Committee are representatives of all five political groups within the Council. The Standards Committee is not politically balanced, this is because the standards committee should be above party politics and its members need to have the respect of the whole authority, regardless of their political party.

### **Councillor Les Carter**

is a member of the Conservative Group and has been a Leeds City Councillor since 1973. He represents the Adel and Wharfedale ward on Leeds City Council and is also an Executive Board Member with responsibility for Neighbourhoods and Housing. Councillor Carter's areas of responsibility include housing policy and strategy, community safety, regeneration, homelessness and environmental health.



### **Councillor Elizabeth Nash**

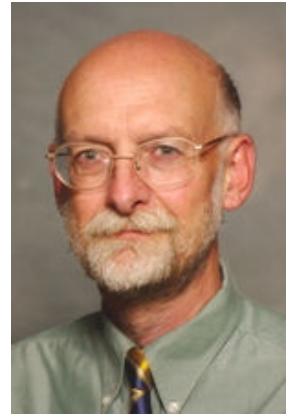
is a member of the Labour Group and has been a Leeds City Councillor from 1973 to 1988, and 1989 to present. She was also a member of the Leeds County Borough Council from 1972 to 1974. She represents the City and Hunslet ward on Leeds City Council, has been a member of the Committee since 2003, and is also a member of the City Centre Plans Panel.



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### **Councillor Colin Campbell**

is a member of the Liberal Democrat Group and represents the Otley and Yeadon ward on Leeds City Council. Councillor Campbell is also the Chair of Plans Panel (West), and a member of the Corporate Governance and Audit Committee and Scrutiny Board (City and Regional Partnerships).



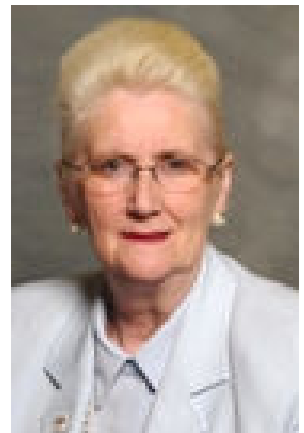
### **Councillor David Blackburn**

is the Leader of the Green Group and represents the Farnley and Wortley ward on Leeds City Council. Councillor Blackburn is also a member of the Corporate Governance and Audit Committee and the City Centre Plans Panel.



### **Councillor Judith Elliott**

is a member of the Morley Borough Independent Group and represents the Morley South ward on Leeds City Council. Councillor Elliott is also a member of the Children's Services Scrutiny Board and a member of Morley Town Council. Councillor Elliott will be leaving the Committee next year as she takes up her position as Lord Mayor of Leeds for the municipal year 2009/2010.



### **Parish Councillors**

The role of the Parish Councillors on the Standards Committee is to make sure that the parish and town councils in Leeds are represented throughout discussions. At least one of the Parish Councillors must sit on the Standards Committee at all times when parish matters are being discussed. As the Standards Committee also has responsibility for the Parish and Town Councillors in the Leeds area, the Parish Councillors on the Standards

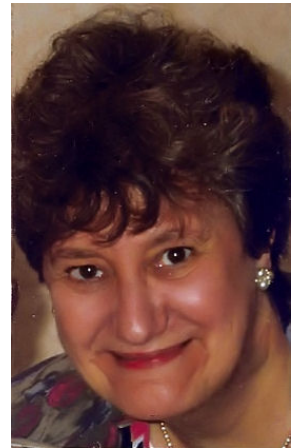


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Committee demonstrate that parish issues are going to be dealt with fairly. They also bring an additional independent perspective to the Committee as they are not able to be members of Leeds City Council.

### **Councillor Mrs Pat Walker**

is a member of Pool-in-Wharfedale Parish Council which she was elected to for the first time 7 years ago. She is lead member on conservation matters. Previously a Harrogate District Councillor, she has been involved in politics at local, national and European levels. A business manager in Leeds and Harrogate for 25 years, she is now an active member of the Ruskin Society and is presently a Foundation Governor of Prince Henry's Grammar School, Otley. Councillor Walker's current term of office runs until the Annual Meeting in 2009, where she is expected to be reappointed for another term.



### **Councillor John C Priestley**

joined the Committee in 2005 as a reserve parish member and became a full member in 2007. He is a retired (litigation) solicitor and was a senior partner of Booth & Co. Leeds. He retired in 2002 and is now the Chairman of East Keswick Parish Council. He is also a Trustee of the W.W. Spooner Charitable Trust. Councillor Priestley's current term of office runs until the Annual Meeting in 2011.



## **Monitoring Officer to the Committee**

### **Nicolé Jackson – Assistant Chief Executive (Corporate Governance) and Monitoring Officer**

After qualifying as a solicitor at Calderdale Council, Nicolé worked at Bradford and Kirklees Councils, prior to moving to Leeds in June 1990. Nicolé became Senior Assistant Director and subsequently Chief Legal Officer in 1994 and 1999 respectively, and was appointed to her current role of Assistant Chief Executive (Corporate Governance) in 2007. Nicolé is also a part time Chair of the Midland Rent Assessment Panel.



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## Introduction to the Standards Committee

The general functions of the Standards Committee are:

- ▶ Promoting and maintaining high standards of conduct by Members and co-opted members; and
- ▶ Assisting Members and co-opted members to observe the Code of Conduct.

The terms of reference for the Committee are:

- ▶ Promoting, monitoring and reviewing the rules controlling the behaviour of Councillors and Officers (Code of Conduct);
- ▶ To initially assess and review complaints against Leeds City Councillors and Parish and Town Councillors in Leeds and to decide what action (if any) to take;
- ▶ To consider the results of any investigation into the behaviour of Councillors and decide whether their behaviour has broken the rules described above. If the Councillor is found to have broken the rules, the Committee decide what punishment to impose;
- ▶ To make suggestions to and work with other agencies about standards issues and the different codes of conduct. This involves taking part in research projects and consultation exercises, as well as making suggestions for improvement and best practice to the Standards Board for England;
- ▶ To provide advice and guidance to Members and officers and to make arrangements for training them on standards issues; and
- ▶ To advise the Council about changes which need to be made to the code of conduct for Officers and to promote, monitor and review this code.

Please note that the Local Government and Public Involvement in Health Act 2007 also imposed new duties on standards committees in relation to politically restricted posts. However, the relevant regulations to enable the Standards Committee to take up these duties have not yet been released.

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## The Work of the Committee 2008 – 2009

### Promoting, monitoring and reviewing the Codes of Conduct

The Standards Committee exists to promote and maintain high standards of conduct within the Council, and has considered several important standards issues over the past year.

- ▶ **Members' Code of Conduct 2009** – The Standards Committee responded to the Communities and Local Government consultation document "Codes of conduct for local authority Members and employees: a consultation" in December 2008. Members of the Committee considered feedback from various Member and officer fora, including the Member Management Committee, the Council's Corporate Leadership Team, the Corporate Governance Board and the Group Whips, before finalising the Standards Committee response.
- ▶ **Reviewing the Codes and Protocols** - The Standards Committee has responsibility for several codes and protocols in the Constitution. To ensure that these are operating effectively, are being complied with, and are fit for purpose the Standards Committee has added regular reports regarding these codes and protocols to its work programme. This year the Standards Committee has reviewed:
  - the Code of Practice for the Determination of Licensing Matters
  - the Code of Practice for the Determination of Planning Matters;
  - the Monitoring Officer Protocol; and
  - the Standards Committee Media Protocol.

The Committee also extensively reviewed its own Procedure Rules in July in line with the Standards Committee (England) Regulations 2008 and the new guidance from the Standards Board for England. The Standards Committee has delayed reviewing any of the codes and protocols which would be affected by the new Member and employee Codes of Conduct due to be released in May 2009.

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- ▶ **Ethical Audit 2007** - The Standards Committee considered the final results of the Ethical Audit 2007 in October this year, and approved an action plan to address these results and remaining issues from the Ethical Audit 2006. In the new action plan the Standards Committee particularly focused on the Ethical Framework Training and Awareness programme to be developed by Human Resources and made available to employees as appropriate. The Standards Committee agreed that they would monitor progress against this action through receiving regular reports from Human Resources.
  
  - ▶ **Monitoring compliance with the Code of Conduct** - The Standards Committee receives six monthly reports on the number and types of complaints that have been referred to the Standards Board regarding Leeds City Council Members and Parish and Town Councillors in the Leeds area. The report also identifies any trends in the information so that the Committee can seek to address these matters through guidance and training. The Standards Committee received the last of these reports on October 2008, as complaints from May 2008 are received by Leeds City Council rather than the Standards Board. See the separate section on Local Assessment for more details of the complaints received since May 2008.
  
  - ▶ **Considering final investigation reports** – The Standards Committee has considered two final investigation report since May 2008, which contained a finding of no failure. In the first case the complainant alleged that the Councillor had breached paragraphs 2(b) of the Members’ Code of Conduct by demonstrating a lack of basic manners and respect for others. However the investigating officer found no evidence of any failure to comply with the Code of Conduct. The Standards Committee agreed with the investigating officer that the Councillor had not breached the Code of Conduct as alleged.  
  
In the second case the complainant had alleged that the former Councillor had breached paragraph 5 of the Members’ Code of Conduct

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by bringing his office or authority into disrepute. The Standards Committee agreed with the investigator's finding that the former Councillor had only been acting in his official capacity from the point at which he identified himself as a Councillor, and that his conduct from then on would not have brought his office or authority into disrepute.

The Standards Committee were also assured that the new local assessment procedures would safeguard against any delays in processing future complaints.

- ▶ **Register of Interests and Gifts and Hospitality** - The Standards Committee seeks to reassure itself that the Members' register of interests is being reviewed and updated by Members on a regular basis and that the rules surrounding the registration of gifts and hospitality are being observed. The Committee receives annual reports to this effect, the last report on this subject having been considered on 1<sup>st</sup> July 2008. In this report the Committee were informed of the results of an Internal Audit Inspection carried out at the end of 2007 on the Register of Interests and the Register of Gifts and Hospitality for Members. In the case of the registration of gifts and hospitality, the audit identified that there are satisfactory procedures in place to ensure that members promptly register any acceptance of gifts and hospitality in accordance with the Code of Conduct. A substantial assurance opinion was provided both in respect of the control environment and compliance. The Standards Committee were satisfied that the review arrangements in place are fit for purpose.
- ▶ **Officer Code of Conduct** - The Standards Committee received a report in October 2008 from Human Resources which reported on the requirement to ensure that development of key competencies and behaviours for managers included appropriate reference to ethical framework. The Head of Human Resources Strategy reported that the results of the Ethical Audit 2006 were being addressed by:

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- Manager Briefings - using a standard briefing for Human Resources staff to consider ethical audit findings with groups of managers;
  - Clearer induction – updating induction materials for new staff; and
  - Developing leadership standards which include governance matters.

It was agreed that the Head of Human Resources Strategy would report back on progress on these issues in due course.

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## Local Assessment of Complaints

Since May 2008, the Standards Committee has had responsibility for initially assessing and reviewing complaints against Leeds City Councillors and Parish and Town Councillors in the Leeds area. During this year the Standards Committee has both initially assessed 19 cases, and reviewed five of these.

- ▶ **Creation of the Assessment and Review Sub-Committees** – The Standards Committee considered how it would discharge its new duties under the Standards Committee (England) Regulations 2008 in July 2008. The Committee established two Sub-Committees to assess and review complaints against Members of Leeds City Councillors and the Parish and Town Councils within Leeds. The Standards Committee also decided to give the Assessment Sub-Committee the additional function of considering final investigation reports and deciding whether they agree with the investigators findings.

The table below shows the number of complaints which have been made about Councillors in Leeds during this municipal year, and the number which have been referred for further investigation. The Assessment Sub-Committee has met ten times to consider a total of 19 complaints, and the Review Sub-Committee has carried out five reviews over four meetings.

<b>Authority</b>	<b>Number of Complaints</b>	<b>Number of Councillors referred for investigation</b>	<b>Number of Councillors referred for other action</b>
Leeds City Council	16	5 (these investigations are all ongoing)	1
Parish and Town Councils	3	0	0

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► **Adopting the Local Assessment Procedures** – At their meeting in July 2008, the Standards Committee also had to consider how they would make decisions regarding whether complaints should be referred for investigation, other action, or to take no action at all. Using the Standards Board for England’s guidance the Standards Committee developed a set of local assessment criteria which has helped them decide what action to take in relation to each complaint. The Committee also developed local criteria for deciding if a complainant can have their complaint considered confidentially. These criteria are contained in the guidance leaflet “How to complain about the behaviour of a Councillor” and also within the Standards Committee Procedure Rules.

The Standards Committee also agreed the format of their decision notices, whether case summaries would be published on the Council’s website, and when to tell the subject Member that a complaint has been submitted about their behaviour.

► **Review of Local Assessment Procedures** – The Standards Committee also agreed that these practices should be reviewed after three months of operation. To ensure that all questions and issues raised by the Sub-Committee Members were recorded a standard item was added to each Sub-Committee agenda, titled ‘Lessons to Learn’. The issues raised were then used to inform the review process. Some of the issues raised by Members were not able to be resolved satisfactorily as they were either direct from legislation or from statutory guidance. However Members were presented with a report on all the issues that had been raised, along with possible amendments, during their meeting on 16<sup>th</sup> December 2008.

In addition, officers distributed questionnaires to all the complainants and subject Members who had been involved in the process since 8<sup>th</sup> May 2008 and asked for their comments on their experiences. These



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responses, along with general representations from some of the political groups, were considered by the Standards Committee.

The Standards Committee made a series of amendments to their procedures as a result, and have agreed to review their procedures again in September 2009 to assess whether these changes have improved the process as a whole.

- ▶ **Raising awareness of the Local Assessment Process** – Every authority was required to publish a notice detailing where the complaints should be sent from 8<sup>th</sup> May 2008, and what the Council's new responsibilities are.

The Standards Committee chose to do so through the following media:

- Council's website - by updating the existing page of information on how to make complaints about misconduct, and through a Council press release. The information on the Council's website has been viewed 865 times since June 2008.
- Placing a notice in the Yorkshire Evening Post, and an article in the Council's own newspaper "About Leeds". Notices in public areas such as local libraries and the Council's information centre.
- An article in "Governance Matters".
- Contact Centre Staff are also able to advise members of the public about the new arrangements.

The Standards Committee also chose to send relevant information to all the Citizen's Advice Bureau in Leeds so that they could assist members of the public with completing complaints form where necessary.

The Committee also created an information leaflet for potential complainants and a specific complaints form, which is available via the Council's website and distributed in hard copy when requested. They

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also agreed that a special complaints helpline, email address and online form should be created for complainants to use.

In order to raise awareness amongst Members and officers:

- a letter and copy of the information leaflet was sent to all Parish and Town Councils in the area;
- a briefing note was sent to each of the political groups;
- a seminar was provided to officers within Democratic Services; and
- information about local assessment has been included in all training on the Members' Code of Conduct, including the compulsory Governance updates for Members of Planning and Licensing Committees.

► **Training and Guidance for Members of the Sub-Committees** – In order that Members of the Standards Committee were prepared for their role on the Assessment and Review Sub-Committees, the Committee amended their training plan to include a separate skill area on Local Assessment. In February 2009, the Committee considered further updates to their training plan which included a training day on Local Assessment and Standards Committee Hearings from an external facilitator. The Committee has also sought to ensure that the external members of the Committee are aware of the role of a City Councillor, and has agreed that external members of the Committee could be given the opportunity to attend the ward surgeries of City Councillors to observe.

The Sub-Committees are also provided with a set of guidance notes for their reference when considering allegations of misconduct against Members. These include a locally created Assessment Flowchart and Code Matrix which assist Members in ensuring that all the assessment criteria are considered and that the allegation is a potential breach of the Code of Conduct. These documents were formally adopted by the Committee at their meeting in December 2008.

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## Providing Guidance and Training

The Standards Committee has a special responsibility for ensuring that Members are trained in matters relating to the Code of Conduct and arranging for appropriate training to be provided. During this year, the Standards Committee has both reviewed and recommended training for City Councillors and Parish and Town Councillors.

- ▶ **Induction for City Councillors** – The Standards Committee has supported the induction training programme for new Members; all new Members received the required training on the Code of Conduct and had completed their Acceptance of the Code of Conduct and Register of Interests forms.
- ▶ **Governance Matters** - The Standards Committee also features heavily in the regular bulletin 'Governance Matters' which is distributed to all Members of the Council, Directors, Chief Officers and all officers within Legal, Licensing and Registration, Procurement and Democratic Services. This bulletin contains a 'spotlight on' section which provides advice on specific standards or governance issues, front page news and feedback from the Council's governance committees. There have been 21 issues so far, they are published on a bi-monthly basis and are available to download from the Council's website<sup>1</sup>.

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[http://www.leeds.gov.uk/Council\\_and\\_democracy/Councillors\\_democracy\\_and\\_elections/Council\\_documents/Governance\\_Matters\\_Newsletter.aspx](http://www.leeds.gov.uk/Council_and_democracy/Councillors_democracy_and_elections/Council_documents/Governance_Matters_Newsletter.aspx)

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## Relationship with Parish and Town Councils

The Standards Committee has sought to develop its relationship with the Parish and Town Councils in the Leeds area during this municipal year.

- ▶ **Addressing the results of the Annual Audit** - The Standards Committee asked each Parish Clerk to complete a questionnaire at the end of 2007, which asked questions about their register of interests, how interests are declared and recorded and what training the Parish Councillors had received on the new Code of Conduct. The results of the audit were considered by the Monitoring Officer, the Chair of the Standards Committee and the Parish and Town Councillors at a meeting on 16<sup>th</sup> December 2008. The Committee decided that those Councils who were of concern to the Monitoring Officer should be offered support and assistance by Leeds City Council, and other Parish and Town Councils. The Clerks from these Councils will be invited to a meeting with the Monitoring Officer, Chair of the Standards Committee and the Parish and Town Councillors on the Committee in order to discuss their results and how the Committee can assist them. Those whose results had some weaknesses but were not of particular concern to the Monitoring Officer will be offered further training on the Code of Conduct from Leeds City Council and more guidance on personal and prejudicial interests. Finally, the Committee agreed that those Councils who had good results would be congratulated and asked whether they would wish to assist their fellow Councils with any issues they may be facing.
- ▶ **Parish and Town Council Conference** – Representatives from the Parish and Town Council Liaison Forum and officers of Leeds City Council organised the second Parish and Town Council Conference in Leeds this year. This took place on 13<sup>th</sup> May 2009 at Civic Hall. Officers updated the delegates on the rules surrounding the declaration and registration of interests, and briefed them on the role of Assessment and Review Sub-Committees. The delegates were even

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able to try some cases for themselves, to assist them with understanding the new process and how the Code of Conduct applies in different circumstances.

- ▶ **Training for Parish and Town Councillors** – In October 2008 the Standards Committee received a report from the Member Development Officer updating them on progress with the project to review learning and development provision for parish and town councillors. As the role of Parish Councillors is extremely varied, the report put forward a number of learning options; some joint with City Councillors, and others specifically tailored and delivered on an area basis. The Standards Committee decided that training should be provided jointly with City Councillors, that Parish and Town Clerks should also be offered training, and that training on planning and financial awareness should be prioritised. The Standards Committee also sought to encourage Parish and Town Councils to discuss their requirements with officers to ensure that the correct training was being offered.

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## Working with Other Agencies

During the year, the Standards Committee has taken part in research and policy development on a national scale through various consultation exercises.

- ▶ **Consultation and Research** – Members of the Standards Committee have responded to the consultation paper published by Communities and Local Government called “Codes of conduct for local authority Members and employees: a consultation” in December 2008. It is hoped that the relevant Orders will be in place by May 2009.
- ▶ **Local Government Chronicle Awards 2009** - The Standards Committee submitted an entry to the ‘Standards and Ethics’ category of the Local Government Chronicle (LGC) Awards 2009, much of which was drawn from the Standards Committee Annual Report and the Council’s Corporate Governance Statement for 2008. It was announced in November 2008 that the Council had been shortlisted.
- ▶ **The Centre for Local & Regional Government Research** - In March 2008, the Standards Board for England commissioned Cardiff University to assess the impact and effectiveness of the ethical framework in local government. The research is being carried out over five years using in-depth case studies of nine local authorities. Leeds City Council was selected to take part and accepted. It will focus on the impacts of standards frameworks on processes, systems, cultures and values within local government. The project will also use public surveys and focus groups to explore any impacts of local standards frameworks on levels of public trust in local government.

Case study work is being conducted with Councils at two-yearly intervals, the first round of which took place in September 2008. This included interviews being conducted with Members, key officers, local stakeholders and public focus groups.

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► **Standards Board for England - The Chair of the Standards**

Committee and the Monitoring Officer attended the Seventh Annual Assembly of Standards Committees held by the Standards Board for England on 13<sup>th</sup> and 14<sup>th</sup> October 2008, which provided opportunity for training and guidance and also feedback to the Standards Board on their work. The Chair of the Standards Committee was also a member of the steering committee for this year's conference, and was a speaker on the issue of the leadership and skills required of the Independent Chair. The Chair was also asked to appear in a DVD package to be shown to the delegates, where various Standards Committee members from different local authorities were asked to comment on several current ethical issues.

As finalists for the LGC award mentioned above the Chair of the Standards Committee has also appeared in a short film published on the Standards Board for England website<sup>2</sup>. The film concentrates on examples of good practice in Leeds and in the other shortlisted authorities.

Finally, officers from Leeds City Council have also been involved in piloting the Standards Board for England Annual Return which will collect data to supplement the monthly returns regarding local complaints. The Standards Board will use this information to assist authorities and to identify good practice.

The Standards Committee is kept up to date on national conduct issues by receiving regular Standards Board Bulletins and issues of the Town and Parish Standard. The Standards Committee also received and considered the Standards Board's Annual Report at their meeting in October 2008.

► **Association of Independent Members of Standards Committees in England (AIMSce) - The Chair of the Standards Committee is a**

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<sup>2</sup> Available to view at <http://www.standardsboard.gov.uk/Resources/Standardsandethicsaward/>

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Director of AIMScE. The Association provides support and guidance to independent members in carrying out their statutory responsibilities, and also acts as a forum for exchanging views and ideas with other organisations and stakeholders.



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## Issues for 2009 – 2010

The Standards Committee will have many important issues to address in the coming the year, including the following:

- ▶ **Implementation of the Ethical Audit Action Plan** – The action plan formulated by the Standards Committee during this municipal year will continue to be implemented and monitored by the Standards Committee throughout the new municipal year.
- ▶ **Increased interaction between the Standards Committee and the Council’s leadership** – The Chief Executive and the leaders of the Council’s political groups will attend some meetings of the Standards Committee during this year to explain their roles and to explain what they are doing to improve ethical governance in their areas of responsibility.
- ▶ **Implementation of the new Member and Officer Codes of Conduct** – The Standards Committee will recommend the adoption of the new Members’ Code of Conduct to the Full Council, consider whether to add any local provisions, and provide guidance to the Council on the adoption of the new model Employee Code of Conduct. The Standards Committee will also devise a training plan to ensure that all Members are aware of the provisions of the new Code of Conduct.
- ▶ **Retirement of the current Chair** – The current Chair of the Standards Committee, Mike Wilkinson, ends his final term of office a the Annual Meeting in 2010. The Council are due to appoint a reserve Independent Member at the Annual Meeting in 2009 to fill the vacancy for an Independent Member that will arise in 2010. However, during this municipal year, the Standards Committee will need to appoint a new Chair from its membership.

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## Useful Links

If you would like to find out more about standards issues and the work of the Committee, as well as keep up to date with national issues, you may find the following links useful:

- ▶ **The Standards Board for England** (for guidance on standards issues, standards committees and outcomes of recent cases)  
[www.standardsboard.gov.uk](http://www.standardsboard.gov.uk)
- ▶ **The Adjudication Panel for England** – [www.adjudicationpanel.co.uk](http://www.adjudicationpanel.co.uk)
- ▶ **The Audit Commission** – [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)
- ▶ **Department for Communities and Local Government** –  
<http://www.communities.gov.uk/corporate/>
- ▶ **Leeds City Council** – [www.leeds.gov.uk](http://www.leeds.gov.uk)
- ▶ **National Association of Local Councils** – [www.nalc.co.uk](http://www.nalc.co.uk)
- ▶ **Yorkshire Local Council Association** -  
[www.visionwebsites.co.uk/Contents/Text/Index.asp?SiteId=490&SiteExtra=13134021&TopNavId=459&NavSideId=5536](http://www.visionwebsites.co.uk/Contents/Text/Index.asp?SiteId=490&SiteExtra=13134021&TopNavId=459&NavSideId=5536)
- ▶ **Chartered Institute of Public Finance and Accountancy** –  
[www.ipf.co.uk](http://www.ipf.co.uk)
- ▶ **Association of Independent Members of Standards Committees in England** – [www.aimsce.org.uk](http://www.aimsce.org.uk)

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## Parish Councils

The Standards Committee has a special responsibility to the Parish and Town Councils in Leeds. The Standards Committee is responsible for ensuring high standards of conduct are met within the parishes and that every Member is aware of their responsibilities under the code of conduct.

The Parish and Town Councils in the Authority's area are:

Aberford & District	Collingham with Linton	Morley
Allerton Bywater	Drighlington	Otley
Alwoodley	East Keswick	Pool-in-Wharfedale
Arthington	Gildersome	Pudsey
Austhorpe	Great and Little Preston	Scarcroft
Bardsey Cum Rigton	Harewood	Shadwell
Barwick in Elmet & Scholes	Horsforth	Swillington
Boston Spa	Kippax	Thorner
Bramham cum Oglethorpe	Ledsham	Thorp Arch
Bramhope and Carlton	Ledston with Ledston Luck	Walton
Clifford	Micklefield	Wetherby
Wothersome (Parish Meeting)		

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## The Monitoring Officer

In Leeds City Council, the role of the Monitoring Officer rests with the Assistant Chief Executive (Corporate Governance). The Monitoring officer has a key role in promoting and maintaining standards of conduct.

As well as acting as legal advisor to the Standards Committee, the Monitoring Officer carries out the following functions:

- ▶ reporting on contraventions or likely contraventions of any enactment or rule of law and reporting on any maladministration or injustice where the Ombudsman has carried out an investigation;
- ▶ establishing and maintaining registers of Members' interests and gifts and hospitality;
- ▶ maintaining, reviewing and monitoring the Constitution;
- ▶ advising Members on interpretation of the Code of Conduct;
- ▶ supporting the Standards Committee;
- ▶ receiving reports from Ethical Standards Officers and decisions of case tribunals;
- ▶ conducting investigations into misconduct;
- ▶ performing ethical framework functions in relation to Parish Councils;
- ▶ acting as the proper officer for access to information;
- ▶ making arrangements for relevant matters to be considered by the Standards Committee with regard to initial assessment, review, consideration of final investigation reports and hearings, and to advise the Standards Committee on such matters;
- ▶ advising whether executive decisions are within the budget and policy framework; and
- ▶ advising on vires issues, maladministration, financial impropriety, probity, and budget and policy issues to all Members.

Originator: Daniel Hardy

Tel: 39 50279

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## Report of the Chief Democratic Services Officer

### Corporate Governance and Audit Committee

Date: 30<sup>th</sup> June 2009

Subject: Member Development – Annual Report 2008/9

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#### Electoral Wards Affected:

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

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## Executive Summary

1. This report provides the Corporate Governance and Audit Committee with the Member Development Annual Report 2008/9. Member Development is a key component of the Council's Annual Corporate Governance Statement. The Member Development Annual Report details the achievements made in 2008/9 and outlines the actions to be taken in 2009/10.
2. The Member Development Working Group was established in December 2005. This Member group is key to the continuing improvement of Member Development and is essential for the Council maintaining the Member Development Charter award. It is proposed therefore that the group is reinstated for the 2009/10 municipal year.
3. The Corporate Governance and Audit Committee is asked to note the contents of the Member Development Annual Report 2008/9 and to consider the assurances provided by the Head of Scrutiny and Member Development.

## 1.0 Introduction

### Member Development - Annual Report 2008/9

- 1.1 The Member Development Annual Report details the achievements made this municipal year, and lists all the development courses, events and activities undertaken by elected Members over the course of the year.

### Member Development Working Group

- 1.2 A working group consisting of a representative from the Conservative, Labour, Liberal Democrat and Green groups was established by Member Management Committee in December 2005. The group is instrumental in devising the array of learning and development opportunities that are available to Members. The group works on key projects such as the Member Development Strategy, new Members' induction and the annual seminar programme and is essential for the Council maintaining the Member Development Charter award.

## 2.0 Main Issues

### Member Development – Annual Report - assessing achievements and providing assurance

- 2.1 The award, in 2007 of the Member Development Charter, by the Improvement and Development Agency (IDeA) recognised the Council's commitment in supporting its Members to fulfill their roles and build capacity. However, whilst acknowledging the quality and effectiveness of Leeds' provision, the external assessors stressed the importance of continuous improvement. Their report made a number of suggestions, including the recommendation to undertake a Scrutiny review of Member Development.

- 2.2 This review was undertaken between December 2008 and February 2009 from which many positive comments were received including;

*“We consider the Member Development Group to be working extremely well and acknowledge its role in shaping the current Member Development Strategy and the influence it has on Member development activities. It is our view that this very successful partnership between the Member Development Working Group and the Member Development Officer should be maintained and nurtured.”*

*“The creation of a dedicated Member Development Officer post and administrative support indicates a substantial resource investment in, and for, the ongoing support for Member Development, which is viewed as a key 'strand' of the Corporate Improvement Plan”.*

*“We are therefore happy with the resource allocation given to Member Development. Indeed we consider the amount of spend per councillor as positive, indicative of the value for money received and something in which we should be congratulated”.*

- 2.3 The final report contained a number of recommendations for ways to improve Member Development. These were:

- Look at how to improve the standard of training delivered by officers to Members.
- Increase the number of Members taking part in the PDP process.
- Executive Board Members and Group Whips undertake a PDP.
- Member Development to share feedback with those presenting learning and publishes this information on the intranet.
- Establish groups to evaluate role specific training made up of officers and Members.
- Commit in principle to achieving Charter Plus.

- 2.4 Officers and the Member Development Working Group will be addressing these issues during the next twelve months and will be reporting back on progress to the Central and Corporate Functions Scrutiny Board at regular intervals.
- 2.5 The role of the Member Development Working Group in helping identify seminar topics and areas for further Member briefing gives assurance that topics are relevant, timely and of interest to Members. Similarly the Group's role in identifying core and extended skill requirements gives assurance that training is matched to need.
- 2.6 The increased number of PDPs undertaken by Members provides assurance that the specific needs of individual Members are being identified. The interview process itself seeks confirmation from Members on their level of understanding of key protocols, codes of conduct and their skill levels to undertake their specific roles. These are then translated into training activities.
- 2.7 Officers are encouraged about the level of take up of the compulsory training. Group Whips have been informed of those who have not attended.

#### Challenges for 2009/10

- 2.8 As well as reviewing Member Development activities in the previous municipal year, the Annual report details challenges for the coming year. These include:
- **Scrutiny Board Inquiry into Member Development.** Responding to Scrutiny's recommendations.
  - **IDeA Charter for Member Development and Charter Plus.** A new, more stringent assessment process has been devised, Charter Plus, and the Council is committed in principle to achieving this in 2010.
  - **Health Scrutiny Training.** A detailed programme of training has been devised for the Members of the Health Scrutiny Board that will give them greater information about the health landscape in Leeds.
  - **Political Awareness Training.** Following a request from Member Management Committee, Member Development are working on a training programme for officers that will give them a greater insight into the work of elected Members and what it means to work in a political environment.
  - **Advanced personal development.** Personal Development Plans (PDPs) completed by Councillors in 2009-10 will form the basis of the advanced personal development training offered.

### **3.0 Implications For Council Policy And Governance**

- 3.1 As the role of Members is complex and demanding, dedicated learning and development strategies which support Members and help them to lead the organisation are essential requirements for any Council.
- 3.2 Member development is recognised under CAA guidelines as a key means of building capacity in local government. In addition, leadership training will help to further the skills of more experienced Members who are ready to move into more challenging positions.

### **4.0 Legal And Resource Implications**

- 4.1 The achievements identified in the 2008/9 Annual Report were achieved within the allocated budget.

### **5.0 Recommendations**

- 5.1 The Corporate Governance and Audit Committee is asked to note the Member Development Annual Report 2008/9 and the assurances it provides regarding developing the capacity of Members to be effective in accordance with the Council's code of Corporate Governance.

#### Background Papers

Agenda and Minutes of the Member Development Working Group 2008-09

Member Development Strategy 2009 – 2011

Reports to Member Management Committee 2008-09



# **Member Development Annual Report**

## **2008-2009**

## Foreword

I am delighted, as the Chair of the Member Development Working Group, to be presenting the third Member Development Annual Report. This report details the scope and variety of training organised by Member Development over the last municipal year.

The report also explains how we are continually trying to expand and improve the range of learning activity on offer and build on the good work undertaken in the past. It also puts forward our plans for the future and how we will respond to the significant changes taking place in local government.

The role of an elected Member is constantly changing and developing and the demands placed on Councillors' time continue to grow. Member Development is there to provide Members with access to appropriate learning and development tools, enabling them to make the most of the valuable time they have available and fulfil the role of Councillor to the best of their ability.

For Member Development to be successful and effective and viewed as worthwhile it must reflect the needs of elected Members. The Member Development Working Group gives clear guidance to the Member Development Team on the variety and styles of learning that would be most useful to Members.

In Leeds we base our learning development programme on the Improvement and Development Agency's Charter for Member Development. Leeds City Council was awarded this Charter in 2007 in recognition of the excellent programme of skills development we offer to Councillors here.

Our Charter is due for renewal in 2010, but the opportunity also exists to be assessed against the IDeA's more stringent scheme Charter Plus. Achieving this would be a major coup for the authority in terms of prestige and would also demonstrate the importance of and, Leeds City Council's commitment to, the training and development of our elected Members.

**Cllr Graham Latty**  
**Chair of the Member Development Working Group**

# **Member Development in 2008-09**

## Achievements

### Induction

Induction is a major strand of the Member Development Strategy. The aim of the induction programme for new Councillors is to give them a good grounding in the way the Council works and the range of support available so they can settle quickly and easily into their new role.

The events take place in the first few weeks after the new Councillors have been elected and are designed to give Councillors the basic, initial information they need, and a simple introduction to other key areas of work.

Five new Councillors participated in the induction programme following the local elections on 1<sup>st</sup> May 2008. Smaller sessions were also organised for October 2008 and April 2009 for the Councillors who were elected following by-elections.

#### Induction 2008 events:

- Finding Your Feet – Services and Support for new Members
- Introduction to ICT
- Learning the Ropes – The Conduct of Council Meetings
- Speaking in the Chamber
- Understanding the Code of Conduct – General Obligations
- How the Council Works – Structures and Decision Making
- Understanding Scrutiny
- Meet the Corporate Leadership Team
- Local Government Finance Made Simple
- Cracking the Code - Understanding the Code of Conduct - Interests

In addition to the events listed above, other events that were not exclusively for new Members but open to all Councillors were held. These included sessions on the Leeds Local Area Agreement and the Strategic Plan, An Introduction to Performance Management, and Media Skills.

Feedback from the 2008 induction sessions was positive and all events were rated either 'Excellent' or 'Good'. Councillors agreed that the events were excellent at improving their knowledge and skills and were very relevant to their needs.

#### Feedback comment:

"Thanks for keeping me up to date and thank you for arranging the various training sessions I have attended, all have been very useful."

#### Feedback comment:

"I am satisfied that I am up to date with most training and I was most grateful that even for the sessions I was unable to attend, appropriate notes. Documents or presentations were circulated."

All in all, I feel well settled and am confident I have a lot of support from different sources. Thanks again for all your help.

Suggestions for refining and improving the induction programme in terms of timing and content have been integrated into the Induction planning process for the 2010 programme.

### **Core skills and extended skills**

Core skills form the second key theme of the Member Development Strategy and programme for Councillors in Leeds.

Core skills are identified in the Strategy as those skills which a Councillor needs to fulfil his or her role effectively.

They include:

- dealing with casework
- time management
- ICT skills
- Knowledge of the Members' Code of Conduct.

As before a number of events and sessions were held to help Members improve these skills such as one-to-one IT training sessions and the continued development of a bespoke casework system that will enable Members to keep a better track of the work they undertake for their constituents.

In addition to this Member Development organised a number of learning and development events on the subject of Local Government Finance. The sessions were presented by Members of the Corporate Financial Management team and were aimed at giving members more information about their financial responsibilities in relation to Council services.

Three sessions were held on Budgeting, Budget Monitoring and Capital Accounting. The session on budgeting looked at how local authorities prepare budgets, how budgets are set and what issues affect Council Tax levels.

The session on Budget Monitoring explored the importance of controlling the Council's budget, how to control budgets effectively and how Members can get involved in this process.

The Capital Accounting session looked at how the Council manages its expenditure, what it considers when putting the capital programme together and how to approve and monitor the capital programme.

The courses were well received by Members with all those who gave feedback rating the course as either 'good' or 'excellent'. Some Members who attended the course felt that it was perhaps pitched at a level below their current knowledge, thus

Member Development are investigating the possibility of running a higher level course in the future.

“Very good. I was surprised at how accessible/understandable the information was.”

“The exercises were most useful as were the ensuing discussions – better than straight ‘presentations’ as they get all involved.”

## Extended skills

To further stretch Members’ competence, the ‘Extended skills’ framework provides a higher level and more specific skill-set which will enable Councillors to achieve roles of greater responsibility within the Council.

Extended skills include:

- managing meetings
- public speaking and presentation
- media and PR
- partnership working
- influencing and negotiating.

We have offered learning and development opportunities for these extended skills in a variety of ways:

Extended skills training and development:

- Training with regional partners
- Practical media skills workshops and experiences
- Speech making in the council chamber
- Leadership books
- Chairing skills courses and audio CDs
- Information seminars on the Local Area Agreement and Leeds Strategic Plan (partnership working)
- IDeA Councillor workbooks on all types of extended skills.

## Role specific skills

Role specific skills are those skills needed by Members who perform a particular council role such as being a member of a scrutiny board or sitting on one of the planning or licensing committees.

The following role specific training programmes took place during 2008-09:

- Planning training programme

This programme included the compulsory sessions for Plans Panel Members: Introduction to planning (for Members new to Plans Panel); Planning Policy Update, and Governance and Conduct. The planning training programme also included optional sessions designed to further Members' knowledge on different aspects of planning such as enforcement and planning design. These sessions were open to all Councillors.

Sessions were run throughout the year and attendance was very good at compulsory sessions, but unfortunately not as good at the optional session on planning enforcement.

<b>Event</b>	<b>Potential attendance</b>	<b>Actual attendance</b>
Introduction to Planning (compulsory)	5 required to attend	5
Planning Policy Update (compulsory)	26 required to attend	24
Governance and Conduct (compulsory)	39 required to attend	35
Planning Enforcement (optional)	99	10

Feedback on the Planning Update session was very positive with the course being rated as either good or excellent by everyone who attended and the majority of people believing the course content to be both well delivered and useful.

Group whips were regularly informed of attendance at compulsory training sessions.

- Licensing training programme

The Licensing training programme was offered to Members of Licensing Committee and Licensing and Regulatory Panel in particular (although any Councillor with an interest could attend). There was a singled update session focussing on changes to relevant recent changes to legislation and in particular information around applications for large casinos.

<b>Event</b>	<b>Potential attendance</b>	<b>Actual attendance</b>
Licensing Policy Update (compulsory)	15 required to attend	13

- Scrutiny training programme

Four sessions were held during 2008/9 for scrutiny Members:

'First Among Equals' in June focussed on chairing skills and was attended by all the chairs of the scrutiny boards in Leeds as well as colleagues from the other West Yorkshire authorities.

'Making an Impact: Successful Scrutiny' in September was aimed at all scrutiny board Members in Leeds and was conducted by an external trainer from the Centre for Public Scrutiny. Its aim was to try and create more efficient inquiries by improving the analytical and questioning skills of scrutiny Members.

The Centre for Public Scrutiny's 'Scrutiny Roadshow' came to Leeds in October. This event was open to the whole of the Yorkshire and Humber region and looked at how to engage communities in the scrutiny process.

'Developing Community Engagement' was another regional event in November which aimed at encouraging the public to look upon scrutiny as the way to get their voice heard on a range of issues. This session was delivered by a trainer from the Centre for Public Scrutiny.

As well as these a further event was held June which was open to all Members of council, but specifically those on the newly formed City and Regional Partnerships board. This session looked at the City Region, the Council's links with external bodies and the Local Strategic Partnership.

## **Advanced Personal Development**

Advanced personal development activities have this year focussed on leadership skills, and developing knowledge through seminars and external conferences.

Councillors have attended the Leadership Academy general programme and also specific training on the role of Lead Members.

Six Councillors from Leeds have also enrolled on the Post Graduate Certificate in Local Government Modernisation Course at Huddersfield University. The course looks at the way local government is changing and focuses on community leadership, communication skills, accountability and performance management.

Internally provided seminars have covered a huge range of topics. Seminars have been run at lunchtimes and in the evening in order to cater for as many Councillors as possible.

### **Member Seminars:**

- Leeds Compact
- Development of the Children's Plan
- Review of Income from Social Care Services
- Understanding Joint Strategic Needs
- Delegation or Devolution: Leeds and the City Region
- Children & Vulnerable Adults
- Regeneration
- The Teenage Pregnancy & Parenthood Strategy
- Housing Law
- The Corporate Area Assessment
- Choice Based Lettings



Members have also attended a variety of externally provided conferences which have covered a range of topics, such as climate change, partnership working, polyclinics and health centres, Local Area Agreements and the future of adult social care

External conferences provide a valuable opportunity for Councillors to hear from the experts in an area, share experiences, and learn the most up to date practices and network with other officers, Members and experts. Councillors are asked to share their learning when they return so the widest benefit for the council can be achieved.

### **General improvements in service delivery**

A number of general improvements have been made in the way that Member Development operates.

#### *Personal Development Plans*

Following the small number of Personal Development Plans (PDPs) that were undertaken during 2007/8, a new approach was trialled during 2008/9 in the hope of encouraging more Members to take part in the process.

The Member Development Team took a more hands on approach this year, taking over the scheduling of PDP interviews with Members and conducting the interviews. Despite a slow start, this new approach has proved successful with almost half of Members being interviewed about their learning priorities and how best to achieve them.

Member Development has analysed the results of the PDPs held to date and identified a number of themes for future learning. These include chairing skills, public speaking, media skills, time management and how deal with people confidently.

There were also a number of Members who felt that that they needed more coaching on the use of ICT equipment. Member Development is currently looking at ways to meet these needs.

### **Areas for Development**

#### *Personal Development Plans*

While the number of Councillors undergoing Personal Development Plan (PDP) interviews in 2008/9 showed a marked increase on the previous year, the Member Development Team are unwilling to rest on their laurels and want to have even greater uptake in 2009/10.

As stated earlier a major facet of successful Member Development is Member involvement and input. The Member Development Working Group is one aspect of this but PDPs also have a major role to play.

Personal Development Plans provide the key information from which development activities are designed and thus the more plans that are completed the better idea we have of what Councillors want.

The Member Development Team will therefore be working with the Member Development Working Group to look at what worked well from the process adopted during 2008/9 and to see where it can be improved in the hope of encouraging even more Members to take part in the process.

### *Learning Techniques*

Member Development is constantly trying to engage with greater numbers of Councillors and increase and improve the access to learning for Members. To this end we have made great use of distance and e-learning to cater for those members whose other roles do not allow them to attend lunchtime seminars.

We have also tried to alter the time that seminars take place in order to make them more accessible. During 2008/9 we held a number of evening or twilight sessions in the hope that Members would be able to attend after work.

Unfortunately these were not a great success as turnout was very low and it has been decided, in consultation with the Member Development Working Group that these be postponed until there is greater interest.

This leaves a gap in our provision which needs to be filled. The Member Development team are to investigate delivering more training at Group Meetings where attendance tends to be greater.

# **Member Development in 2009-10**

## Introduction

This part of the annual report sets out our plans for the future of the Member Development function at the council. It considers the key drivers for change and how the function will develop as a result of these drivers.

## Member Development plans for the future

### Key Drivers

There are a number of issues which will affect Member Development at Leeds City Council over the next 12 months such as the re-assessment by the Improvement and Development Agency (IDeA) for Charter and Charter Plus, the move to a new email system and the training programme currently being devised for officers.

### Scrutiny Board Inquiry into Member Development

The Central and Corporate Scrutiny Board conducted an inquiry into Member Development between December 2008 and February 2009. The final report contained a number of recommendations for ways to improve Member Development at Leeds City Council.

These recommendations were:

- Look at how to improve the standard of training delivered by officers to Members.
- Increase the number of Members taking part in the PDP process
- Executive Board Members and Group Whips undertake a PDP
- Member Development to share feedback with those presenting learning and publishes this information on the intranet
- Establish groups to evaluate role specific training made up of officers and Members
- Commit in principle to achieving Charter Plus.

We will be tackling all these issues during the next twelve months and will be reporting back on our progress to the Central and Corporate Functions Scrutiny Board at regular intervals.

### Charter and Charter Plus

Leeds City Council was awarded the IDeA's Charter for Member Development in February 2007. The Charter is due for renewal in February 2010 and the authority will have to re-inspected to ensure that it is maintaining its commitment to Member Development.

The IDeA have subsequently created a higher standard of Charter, Charter Plus. Charter Plus places more stringent expectations on local authorities with regard to the type of learning and development on offer to Members.

The Member Development Working Group have agreed in principle to try and attain Charter Plus when Leeds City Council is reassessed in February. This will mean that a lot of work will have to be undertaken to meet this stricter assessment process and lots of evidence gathered to demonstrate the wide variety of learning on offer.

## **Members Handbook**

Member Development is currently working with colleagues in other departments to create a new handbook for Members.

Following lengthy discussions with the Member Development Working Group it has been decided that the Handbook will take the form of a list of useful numbers and laminated cards with handy hints that will fit inside the current diary. Members will be able to customise the handbook so that they can just have the numbers and handy hints sections that are applicable to them.

The useful numbers will be an extension of those which are already listed in the diary and will be wedge based. This means that there will be more than just the current list of directors and chief officers and they will be more relevant to the specific ward a Member represents.

The handy hints will be similar to those which are already available about planning. Topics such as IT shortcuts, licensing and adult safeguarding will be included and again Members can choose which they want to have copies of.

## **Political Awareness Training**

After much discussion with the Members of the Member Development Working Group, Member Development is working on a training course for officers. This training course is designed to give officers an insight into the work of Councillors and to help them understand the ramifications of working in a political environment.

The course aims to reduce the frustrations felt by Members when they feel that officers do not understand the political consequences of a potential course of action and give officers a look at the kind of work that Councillors undertake and the range of groups and networks they can become involved in.

## **Induction**

As there are no local elections during 2009, there will be no new Councillors who need to take part in the induction programme, barring by-elections. Therefore the induction planning process has not yet begun in earnest.

As in previous years we will be using the feedback from the events held during 2008/9 to inform our decisions on the content and timing of the programme. We will also be looking at what changes can be made in order to encourage all candidates to attend the programme if they are elected.

## **Core skills and extended skills**

As the role of Elected Members changes, the array of skills that are deemed necessary to do the job effectively widens. This means that what would have previously been classed as 'extended' skills have moved into the core skills category and the range of training on offer from Member Development will alter in order to reflect this.

The use of ICT remains an area that Members are always interested in having more training in and this will be important, this year more than ever. The Council will be moving to Microsoft Outlook towards the end of 2009 and this will mean that all Members will have to be taught how to use the new email system.

Member Development will be working closely with IT to devise and deliver the training and will ensure that all Members have had sufficient training and are comfortable with the new system before Lotus Notes is switched off on 31 October 2009.

## **Role specific skills**

Role specific training is an important part of the range of learning and development opportunities on offer to Elected Members. This builds on Members core skills and allows them to fulfil very specific roles on boards and committees.

As in previous years this will include scrutiny training for those who are new to scrutiny and updates on the latest changes to planning and licensing legislation for those who sit on these committees. There will also be more detailed planning and licensing training for any Members appointed to these roles at the AGM who have not sat on these committees previously.

There is also more detailed training for Members of the Health Scrutiny Board. This training has been devised with the help of the local Health Trusts and the PCT to give Members a more detailed understanding of the make-up of the health landscape in Leeds.

## **Advanced personal development**

Personal Development Plans (PDPs) completed by Councillors in 2009-10 will form the basis of the advanced personal development training offered. It is hoped that PDPs will be completed relatively early in the municipal year, in order to inform the annual training plan and provide maximum opportunity for the training needs identified to be met.

As stated earlier, despite the increased number of Members taking part in the PDP process in 2008/9 we will not be resting on our laurels and will be looking for even greater take up in 2009/10. The best method for conducting personal development discussions will be considered by the Member Development Working Group early in the municipal year.

External conferences and the Leadership Academy will continue to play a large part in the advanced personal development of Councillors and we hope to sign a new batch of Councillors up to the Local Government Modernisation Course at Huddersfield University.

## Appendix A - Members' Learning and Development Report

### April 2008 – March 2009

This report shows learning and development activity undertaken by elected Members between 1 April 2008 and 31 March 2009. The report only includes training arranged or provided by Member Development and does not cover other events which Members have attended of their own volition. Evaluation rating is an average score based on feedback from the event – options are Excellent, Good, Fair or Poor.

#### Personal Development:

Event Title	Date	Chair/ Provider	Labour	Cons	Lib Dem	Green	MBI/ Independent	BNP	Total attendance	Average Evaluation rating
New Member Induction	8/10/08 and 22/10/08	Democratic Services and other LCC officers	-	-	-	Parnham	-	-	1	N/A
Budgeting – Financial Management and Monitoring	09/10/08 and 07/11/08	Helen Mylan (Finance)	Jarosz Davey Selby J.McKenna	Fox	Bentley Campbell	-	-	-	7	Good
ICT Drop-in day	16/10/08	Dennis Rhodes	Gruen Renshaw	Kendall Feldman, Ronald	Campbell	-	Elliott	-	6	N/A



Event Title	Date	Chair/ Provider	Labour	Cons	Lib Dem	Green	MBI/ Independent	BNP	Total attendance	Average Evaluation rating
Diversity Driver	12/11/08 and 8/1/09	Liz Bavidge, Fairplay Initiative	Selby	Kendall	Bentley Chastney Ewens	-	Elliott	-	6	NA

## Seminars

Event Title	Date	Chair/ Provider	Labour	Cons	Lib Dem	Green	MBI/ Independent	BNP	Total attendance	Average Evaluation rating
Leeds Compact	16/09/08	Lisa Wright, Leeds Voice	Murray Lewis, J	Harrand Anderson Kendall Lobley	Ewens Chastney Bentley	-	-	-	9	-
Development of the Children's Plan	13/10/08	Rosemary Archer, Children's Services	Taylor, E Mulherin Selby Murray	Hyde, W Fox Harrand Bale	Harker Golton Bentley Ewens Chastney	-	-	-	13	Good
Review of income for non-residential social care services	16/10/08	Sandie Keane, Adult Social Care	Wakefield Harington Grahame Blake Coupar Driver McKenna, J McKenna, A	Kendall Anderson	Bentley Chastney Chapman Campbell Ewens	Parnham	Leadley Gettings	-	18	Fair
Understanding Joint Strategic Needs Assessment	6/11/08	Mark Edmonds (Dept. of Health) & Dennis Holmes (Adult Social Care)	Grahame Harington Driver	Fox Kendall Harrand	Golton Ewens Bentley Lancaster	-	-	-	10	Good

Delegation or Devolution – Leeds & the City Region	15/01/09	Project Officers, Regional Policy Team	Lewis, J Harington	Anderson Fox	Bentley Campbell Ewens	-	-	-	7	Good
Children & Vulnerable Adults- Risk Awareness	20/01/09	Matthew Orton (Child Protection Co-ordinator)	Selby Wakefield Murray	Kendall Fox Harrand	Golton Chastney Ewens Campbell	-	-	-	10	Good
Regeneration Seminar - Part One	26/01/09	Stephen Boyle, Chief Regeneration Officer	Harington Driver	Bale Fox	Ewens Bentley	-	Leadley	-	7	Good
Introducing Teenage Pregnancy & Parenthood strategy	16/02/09	Kiera Swift Jenny Midwinter	Mulherin Dowson Jarosz	Lobley Harand Kendall	Ewens Lancaster Golton Kirkland Chastney Bentley	Blackburn, A			13	Good
Housing Law	19/02/09	Habib Aziz		Kendall L Carter Bale	Ewens Bentley Campbell				6	Good
Regeneration Seminar- Part Two	23/02/09	Stephen Boyle, Chief Regeneration Officer	Harington Driver Dowson Murray	Bale Anderson	Ewens Bentley Campbell	Blackburn, A	Leadley		11	Good
Corporate Area Assessment	24/03/09	Marilyn Summers	Lewis, J Atha	Anderson	Brett	-	-	-	4	Excellent

## Role Specific Training

This section shows development events linked to specific roles undertaken by Members:

Event Title	Date	Chair/ Provider	Labour	Cons	Lib Dem	Green	MBI/ Independen t	BNP	Total attendance	Average Evaluation rating
Making an Impact: Successful Scrutiny	30/09/08	Tim Young (CfPS)	Lewis, J Grahame	Hyde, W	Bentley	-	Elliott	-	5	Good
Scrutiny Roadshow (National Event)	2/10/08	Centre for Public Scrutiny	Dobson	Hyde, W	-	-	-	-	2	-
Planning Policy Update	21/10/08	Jed Griffiths, TRA Ltd	Lewis, J Lyons Coulson Harper Congreve	Wadsworth Marjoram Wilkinson Andrew	Campbell Taylor, A	Blackburn, D	Leadley	-	13	Good
Planning Enforcement	29/10/08	Vivien Green, TRA Ltd	Coulson Gruen Yeadon	Latty Fox Castle	Pryke Wilson Matthews Campbell	-	Leadley	-	11 + 4 Parish Cllrs	Excellent
Planning Policy Update	21/11/08	Jed Griffiths, TRA Ltd	Nash Gruen Parker Taggart Yeadon	Fox Feldman, Ruth Castle Latty Feldman, Ronald	Monaghan Chastney Hamilton Matthews Wilson Ewens		Finnigan		17 + 4 Parish Cllrs	Good

Event Title	Date	Chair/ Provider	Labour	Cons	Lib Dem	Green	MBI/ Independen t	BNP	Total attendance	Average Evaluation rating
Scrutiny: Developing Community Engagement	25/11/08	Ann Reeder	-	Hyde, W Kendall Wilkinson Castle	Chapman Chastney Bentley Lancaster	-	-	-	7	Good
Governance & Conduct update for Planning & Licensing Members	10/02/09	Kate Saddler & Gill Marshall	Congreve Dunn Harper Coulson	Wilkinson Castle Latty Fox	Rhodes- Clayton Hollingsworth Monaghan Matthews Chastney	D.Blackburn	Leadley	-	15	Excellent
Risk Management	12/02/09	Coral Main	-	Harrand	Campbell Kirkland	Blackburn, A	-	-	4	-
Risk Management	13/02/09	Coral Main	-	-	Brett Golton Harker	-	Finnigan	-	4	-
Governance & Conduct update for Planning & Licensing Members	25/02/09	Kate Sadler Gill Marshall	Hyde, G Gruen	Anderson Andrew Wadsworth Marjoram	Campbell Townasley Wilson		Finnigan Grayshon	-		
Governance & Conduct update for Planning & Licensing Members	10/03/09	Kate Saddler Gill Marshall	Morgan Parker Dobson Yeadon Taggart Nash	-	Hamilton	-	-	-	7	-
Risk Management	23/03/09	Coral Main	Blake Wakefield	Procter, J Carter, A Carter, J	-	-	-	-	5	-

Event Title	Date	Chair/ Provider	Labour	Cons	Lib Dem	Green	MBI/ Independen t	BNP	Total attendance	Average Evaluation rating
Councils Lettings Policy	30/03/09	Kath Bramall	D Coupar J Jarosz							

### External conferences and seminars

This section shows details of conferences either attended or requested between 1<sup>st</sup> May 2008 and 31st January 2009 Where attendance at a conference was requested but not approved, it is shown as 'Not Authorised'.

Date	Conference	Delegate	Venue	Approved List?	Authorised?	Party	Conf Costs	Travel Costs	Hotel Costs	Total
6 May	LGIU Good Practice event – Older Peoples' Services	Valerie Kendall	London	No	Yes	Cons	220	205	-	425
4 June	LGA – The future of Adult Social Care	Debra Coupar	London	No	Yes	Lab	219	215	-	434
26 June	Westminster briefing: The LGPIH Act – Delivering Localised Health and Social care	Pauleen Grahame	London	No	Yes	Lab	215	215	-	430
29 June – 1 July	LGA Annual Conference	Andrew Carter	Bournemouth	Yes	Yes	Cons	519	-	585	1104
29 June – 1 July	LGA Annual Conference	Ted Hanley	Bournemouth	Yes	Yes	Lab	519	-	780	1299
8-10 July, 3-4 Sept, 2-3 Oct	IDeA Leadership Academy	Richard Brett	Warwick	No	N/A (No charge)	Lib Dem	Free (funded regionally)	300	-	300
9 <sup>th</sup> October	Misconduct Course	Elizabeth Nash	London	No	Yes	Labour	215	231.50	Inc in Travel	446.50
13-14 October 08	7 <sup>th</sup> Annual Assembly of Standards Committees	Mike Wilkinson	Birmingham	Yes	Yes	Independent	Free	-	173	173

22-24 October	ADASS National Children's and Adult's Services Conference	Valerie Kendall	Liverpool	No	Yes	Cons	475	32.90	95.00	602.90
22-24 October	ADASS National Children's and Adult's Services Conference	Peter Harrand	Liverpool	No	Yes	Cons	235 (one day only)	20.45	-	255.45
22-24 October	<u>DID NOT ATTEND</u> ADASS National Children's and Adult's Services Conference	Debra Coupar	Liverpool	No	Yes	Labour	475	32.90	95.00	602.90
16/17 Oct and 4/5 Feb 09	IDeA Leadership Academy – 'Making Children Matter'	Stuart Golton	York	No	N/A (Funded regionally)	Lib Dem	Free (funded regionally)	-	-	-
27/11/08	"Take your Partners" – Partnership Working Conference	James Lewis	Barnsley	No	NA (Funded regionally)	Labour	Free	-	-	-
4 <sup>th</sup> Dec	<u>DID NOT ATTEND</u> Polyclinics, Health Centres and the future of the General Practitioner	Pauleen Grahame	London	No	Yes	Labour	215	212		427
7-9 Jan	NEEC	Richard Harker	Chester	No	Approved	Lib Dem	555.00	79.40 (Cllr paid to travel 1st class)	230.00	864.40
21-22 Jan	LGA Climate Change conference	Steve Smith	Manchester	No	Approved	Lib Dem	360.00	tbc	89.00	449.00
26-Jan	Capita Reviewing & Refreshing Local Area Agreements	James Monaghan	London	No	Approved	Lib Dem	399.00	132.90	-	531.90

12/03/09	Casework	Yeadon	Hull	No	Approved	Labour	-	6.	-	

**Total spend to 31 January 2009: 8345.05**  
**Total budget allocation for 2008-9 11090**  
**Total remaining at 31 January 2009**



## Report of the Assistant Chief Executive (Corporate Governance)

### Corporate Governance & Audit Committee

Date: 30<sup>th</sup> June 2009

Subject: KPMG - Scrutiny Review

<p><b>Electoral Wards Affected:</b></p>   <div style="border: 1px solid black; width: 50px; height: 20px; display: inline-block; margin-right: 10px;"></div> Ward Members consulted (referred to in report)	<p><b>Specific Implications For:</b></p> <p>Equality and Diversity <input type="checkbox"/></p> <p>Community Cohesion <input type="checkbox"/></p> <p>Narrowing the Gap <input type="checkbox"/></p>
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### 1.0 Purpose of this Report

1.1 This report summarises the key findings from KPMG's recent audit of the Council's Overview and Scrutiny arrangements.

### 2.0 Background Information

2.1 As part of their 2008/09 Audit and Inspection Plan, it was agreed that KPMG would carry out a review of the Council's Overview and Scrutiny function. The audit objective was to provide the Council with assurance around the progress made in the improvement areas identified by the Corporate Assessment, specifically:

- The extent to which the Council has a clear vision for the contribution of scrutiny and the resources to deliver that vision;
- The extent to which the skills of the Members on the Scrutiny Boards are matched to and are appropriate for the fulfillment of their role;
- How scrutiny enquiries and public challenge feed into the work programme of Scrutiny Boards;
- The extent to which the information available to Members enables them to reach appropriate conclusions;
- The design of the Call-In arrangements in response to the Council's recent 'Corporate Assessment' report;
- The extent to which the recommendations of the Scrutiny Boards have resulted in changes in service delivery and service improvements;
- The extent to which the seven Scrutiny Boards challenge policy development and the consistency of actions taken by these Boards;
- The extent to which the Scrutiny function fits within the wider performance management arrangements of the Council; and
- The extent to which Scrutiny provides effective challenge and adds value to the Council.

### 3.0 Main Issues

3.1 The key findings of the review are set out below:

The recognition that in light of the recent Corporate Assessment the Council has been in the process of continuing to strengthen its Scrutiny function and that a number of aspects of good practice were identified, such as:

- Professional relationships have been developed between the Scrutiny Board Chairs and the Principal Scrutiny Advisors;
- A wide range of training tools are used in providing training resources for Scrutiny Board Members;
- Personal development plans are available for all Members which assist in the identification of individual training needs; and
- Inquiry selection criteria forms are used to determine whether full scrutiny Inquiries items will be added to the work programme of the Scrutiny Boards.

3.2 The key learning points were as follows:

That whilst the Council continues to develop its Scrutiny function it should ensure that the following areas are strengthened:

- An overall vision for the Scrutiny function should be developed, documented and published;
- The trust between Scrutiny Members, Executive Members and Officers needs to be maintained and developed in order to reinforce the importance of joint working;
- The relationship between Scrutiny Members, Executive Members and Officers needs to continue to develop and political views need to be kept separate from the Scrutiny function;
- There is a continuing need for Executive Members, Scrutiny Board Chairs and Officers to work together to identify areas where the Scrutiny Boards can add value to policy development work streams. Where Scrutiny Boards decide to not undertake work areas suggested by Executive Members a brief rationale should be provided so as to prevent any misunderstandings arising;
- The Scrutiny Boards Procedure Rules Guidance Notes should be strengthened to incorporate that the Scrutiny Boards strive for enhanced lines of internal communication; add value to the Council through the Scrutiny reviews undertaken and incorporate innovation into the approach for challenging the way the Council operates;
- The process of selecting Scrutiny Chairs should be reviewed and a 'job specification' introduced;
- Scrutiny Boards should review whether co-opted Members should be invited to join in their Board;
- All Scrutiny Boards should have 'real time monitoring' as a standing agenda item so that Scrutiny Boards can scan the horizon to identify any emerging issues;
- The efficiency of Scrutiny Board meetings needs to be improved. To achieve this timed or single item agendas should be encouraged where appropriate and pre-meetings used more effectively;
- Scrutiny Members should continue to be encouraged to access web based Scrutiny forums so that they have an additional network of resource to draw upon;
- Reports of Members attendance at Scrutiny meetings should be made to each of the political groups. Where attendance rates fall below an acceptable level then it should be the responsibility of each political party to take appropriate action to address this;

- Scrutiny Board Members should be reminded of the need to assess the performance of key indicators throughout the year and highlight if they feel this should direct any area of their annual work programme;
- Where there are key performance indicators with historical poor performance the Council should report to Scrutiny Boards the actual impact of this poor performance on service delivery; and
- The Scrutiny annual report should be strengthened to clearly outline the service benefits of the recommendations made. In addition its format should be standardised to clearly categorise the work using a consistent series of headings and to clearly display the outcomes of the previous years recommendations recording them as implemented; partially implemented; work in progress; not accepted; and no longer applicable.

#### **4.0 Implications for Council Policy and Governance**

4.1 KPMG's report (attached at Appendix 1) provides the Committee with independent assurance on the Council's Overview and Scrutiny arrangements which are a key part of the Council's governance arrangements.

#### **5.0 Legal and Resource Implications**

5.1 There are no specific legal or resource issues associated with this report.

#### **6.0 Conclusions**

6.1 KPMG has noted the progress made in developing the Scrutiny function and the existence of areas of good practice scrutiny with the areas for further development.

#### **7.0 Recommendations**

7.1 That the Committee considers the assurances provided with regards to the Council's Overview and Scrutiny arrangements.

#### Background Documents

None.

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INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

**Leeds City Council**  
**Scrutiny Review**  
**May 2009**

AUDIT

AUDIT ■ TAX ■ ADVISORY

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# 1 Executive summary

## 1.1 Introduction

Scrutiny Boards are often referred to as the Council “watchdogs” by the press aiming to ensure that Council Tax payers get the best out of their public services. For Scrutiny Boards to provide this service they should have at least two components:

- Ongoing and retrospective consideration of decisions previously taken by the Executive; and
- Forward looking contributions to policy and improvement across the Council.

This review has focused on the ability for the Scrutiny function at Leeds City Council (LCC) to challenge the Council both in terms of ongoing and retrospective consideration of decisions and forward looking contributions to policy and improvement. We have also reviewed the scope and role of the Scrutiny Boards and the information available to Members of the Boards in carrying out their work and drawing their conclusions.

## 1.2 Key findings

We recognise that in light of the recent Corporate Assessment the Council has been in the process of continuing to strengthen its Scrutiny function and during our review we identified a number of aspects of good practice across the Council, such as:

- Professional relationships have been developed between the Scrutiny Board Chairs and the Principal Scrutiny Advisors;
- A wide range of training tools are used in providing training resources for Scrutiny Board Members;
- Personal development plans are available for all Members which assist in the identification of individual training needs; and
- Inquiry selection criteria forms are used to determine whether full scrutiny inquiries items will be added to the work programme of the Scrutiny Boards.

Whilst the Council continues to develop its Scrutiny function further and reflect best practice it should ensure that the following areas are strengthened:

- An overall vision for the Scrutiny function should be developed, documented and published;
- The trust between Scrutiny Members, Executive Members and Officers needs to be maintained and developed in order to reinforce the importance of joint working;
- The relationship between Scrutiny Members, Executive Members and Officers needs to continue to develop and political views need to be kept separate from the Scrutiny function;
- There is a continuing need for Executive Members, Scrutiny Board Chairs and Officers to work together to identify areas where the Scrutiny Boards can add value to policy development work streams. Where Scrutiny Boards decide to not undertake work areas suggested by Executive Members a brief rationale should be provided so as to prevent any misunderstandings arising;

# 1 Executive summary continued

- The Scrutiny Boards Procedure Rules Guidance Notes should be strengthened to incorporate that the Scrutiny Boards strive for enhanced lines of internal communication; add value to the Council through the Scrutiny reviews undertaken and incorporate innovation into the approach for challenging the way the Council operates;
- The process of selecting Scrutiny Chairs should be reviewed and a 'job specification' introduced;
- Scrutiny Boards should review whether co-opted Members should be invited to join in their Board;
- All Scrutiny Boards should have 'real time monitoring' as a standing agenda item so that Scrutiny Boards can scan the horizon to identify any emerging issues;
- The efficiency of Scrutiny Board meetings needs to be improved. To achieve this timed or single item agendas should be encouraged where appropriate and pre-meetings used more effectively;
- Scrutiny Members should continue to be encouraged to access web based Scrutiny forums so that they have an additional network of resource to draw upon;
- Reports of Members attendance at Scrutiny meetings should be made to each of the political groups. Where attendance rates fall below an acceptable level then it should be the responsibility of each political party to take appropriate action to address this;
- Scrutiny Board Members should be reminded of the need to assess the performance of key indicators throughout the year and highlight if they feel this should direct any area of their annual work programme;
- Where there are key performance indicators with historical poor performance the Council should report to Scrutiny Boards the actual impact of this poor performance on service delivery; and
- The Scrutiny annual report should be strengthened to clearly outline the service benefits of the recommendations made. In addition its format should be standardised to clearly categorise the work using a consistent series of headings and to clearly display the outcomes of the previous years recommendations recording them as implemented; partially implemented; work in progress; not accepted; and no longer applicable.



# 1 Executive summary continued

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## 1.3 Way forward

We will discuss the findings of the review with Officers and Members to agree an action plan to address the key issues going forward.

## 2 Introduction

### 2.1 Background

The current constitutions of Local Authorities give selected Councillors an important role in scrutinising the decisions of the Executive. The role of Scrutiny at LCC has evolved over the years and the Council now have established seven Scrutiny Boards whose responsibilities are to examine the decisions, policies and overall performance of the Council, making recommendations for improvement where necessary. The seven Scrutiny Boards cover:

- Adult Social Care;
- Central and Corporate Functions;
- Children’s Services;
- City and Regional Partnerships;
- City Development;
- Environment and Neighbourhoods; and
- Health.

The Scrutiny Boards are often referred to as the Council “watchdogs”, and are made up of Councillors from all political parties and some include Co-opted Members from outside the Council. Legislation requires that to ensure independence there are no Executive Members on any of the Scrutiny Boards.

### 2.2 Objectives and scope of our review

Our objective is to provide the Council with assurance around the progress made in the improvement areas identified by the Corporate Assessment. We specifically focused upon:

- The scope and role of the Scrutiny Boards, their independence and the relationship with the Council’s leadership and the Executive Board;
- The extent to which the Council has a clear vision for the contribution of scrutiny and the resources to deliver that vision;

## 2. Introduction continued

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- The extent to which the skills of the Members on the Scrutiny Boards are matched to and are appropriate for the fulfilment of their role;
- How scrutiny enquiries and public challenge feed into the work programme of Scrutiny Boards;
- The extent to which the information available to Members enables them to reach appropriate conclusions;
- The design of the Call-In arrangements in response to the Council's recent 'Corporate Assessment' report;
- The extent to which the recommendations of the Scrutiny Boards have resulted in changes in service delivery and service improvements;
- The extent to which the seven Scrutiny Boards challenge policy development and the consistency of actions taken by these Boards;
- The extent to which the Scrutiny function fits within the wider performance management arrangements of the Council; and
- The extent to which Scrutiny provides effective challenge and adds value to the Council.

### 2.3 Audit approach

Our approach has been to:

- Review key documents;
- Interview key contacts;
- Observe scrutiny meetings;
- Share best practice; and
- Provide constructive challenge and support.

### 2.4 Acknowledgements

We would like to take this opportunity to thank all those staff at the Council who have supported this review.

## 3 Scrutiny Boards scope and role, independence and wider relationships

### 3.1 Introduction

This section of the report discusses the scope and role of the Scrutiny Boards, their independence and the relationship with the Council's leadership and the Executive Board.

### 3.2 Scope and role of Scrutiny Boards

Each of the seven Scrutiny Boards have their own terms of reference which all outline the functions of the Boards. Within their terms of reference, all Scrutiny Boards state they will:

- Review or scrutinise the exercise of any function of the Council, Executive or any other matter;
- Make reports or recommendations to Council or the Executive either in connection with the exercise of any function of the Council, Executive or on any matter affecting the area or its inhabitants;
- Receive and review external audit and inspection reports;
- Act as the appropriate Scrutiny Board in relation to the Executive's initial proposals for a plan or strategy within the Budget and Policy Framework;
- Review corporate performance indicators; and
- Exercise the right to Call-In decisions made but not yet implemented by the Executive.

In addition all Scrutiny Boards may assist the Council and the Executive in the development and review of policies.

Having compared the terms of reference of the Scrutiny Boards at LCC with those of other Local Authorities it is evident that at LCC these are set within the legal framework whereas at other Authorities they also detail roles outside of this framework.

The softer roles referred to within other Local Authorities terms of reference include being innovative in the approach to Scrutiny; adding value through the reviews completed; striving for greater public involvement in Scrutiny; and improving communication within the Council and wider community. Whilst the role around engaging with the public is expressed within other documentation at LCC there is potential to enhance the procedural notes further by explicitly outlining additional functions / activities that Scrutiny could undertake.

## 3 Scrutiny Boards scope and role, independence and wider relationships continued

### Recommendation One

The Council should review the Scrutiny Board Procedure Rules Guidance Notes and add that the Scrutiny Boards will:

- Be innovative in their approach to challenging the way the Council operates;
- Add value to the Council through the reviews they do; and
- Strive to improve communication channels within the Council and the wider community.

### 3.3 Independence of the Scrutiny Boards and wider relationships

By law no Members of scrutiny boards may be from the Council's Executive Board. However to ensure that an effective Scrutiny function is in place it is essential that a two way relationship is developed between the Executive Board and the Scrutiny Boards. In essence the relationship between the Executive Board Member and the Chair of the Scrutiny Board will impact on how issues are raised and dealt with.

A number of the Scrutiny Chairs feel that relationships with other Members and Officers is a continually evolving process and needs to continue to develop. Executive Board Members also acknowledge that whilst relationships have improved with Scrutiny Chairs there is still further work to be done.

As a result of the need to continue to develop the relationships between Scrutiny Chairs, Executive Board Members and Officers there is an acknowledgment that Scrutiny is not as effective as it could be at LCC and all political groups appear accepting of this.

Some Scrutiny Chairs feel that the role of Scrutiny is under valued by some of the Executive Board and as a result Scrutiny has not been as successful as it could be. Whilst some Executive Board Members felt that Scrutiny has added value to the Council, a couple were unable to give any specific examples of this. Scrutiny Chairs feel that they have tried various techniques to engage with Executive Members including inviting them to meetings; asking for assistance to develop work programmes; having regular update meetings; and sharing Scrutiny recommendations although still there is a recognised need to continue to engage further.

## 3 Scrutiny Boards scope and role, independence and wider relationships continued

### Recommendation Two

The Council should publish and distribute local and national examples of where Scrutiny has added value and impact within the Annual Report. This should be seen by full Council and Officers. This will continue to convey the message that by engaging fully with Scrutiny the Council as a whole will benefit through improved public services.

The need to further develop the relationships between some Scrutiny Chairs, Executive Members and Officers is clearly highlighted by a quote from one Scrutiny Chair "Executive Members will punish Officers for co-operating too fully with Scrutiny requests."

The 'Memorandum of Understanding between Executive Board and Overview and Scrutiny' was devised to address the subtleties and nuances required to establish successful and robust Scrutiny. This should be re-distributed to facilitate professional working relationships and should be introduced on an Annual basis within the Members induction programme.

### Recommendation Three

The Council should raise the profile of the 'Memorandum of Understanding between Executive Board and Overview and Scrutiny' and should encourage further engagement between the Scrutiny Chairs, Executive Members and Officers. On an annual basis this document should also be included within the Members induction programme.

### 3.4 Public engagement

From the Scrutiny Board meetings attended it was noted that attendance by members of the public is poor. Advertising of Scrutiny Board meetings is principally done on the Council's internet site and if a Scrutiny meeting is to be held outside of the Civic centre then fliers will be produced to leave at the place of the new venue. In addition the Scrutiny Support Unit has a mailing list to communicate with people who have previously attended meetings. The Council should consider whether it may be appropriate to try and encourage greater public engagement and as part of this they could look at different methods of advertising their Scrutiny Board meetings.

In order to encourage greater engagement with members of the public and other partners the Council should consider having single item agendas. There have been a number of occurrences within some of the Scrutiny Boards where agenda items have been given disproportionate amounts of time and as a result attendees have been left waiting sometimes not being able to present their given agenda item.

## 3 Scrutiny Boards scope and role, independence and wider relationships continued

### Recommendation Four

Single item agendas should be introduced for Scrutiny Board meetings to improve their efficiency.

In addition to encourage greater engagement with the public, witnesses and co-optees the Council should remind Members that Scrutiny Board meetings are not the appropriate forum to raise political views as there is a risk that by doing so these individuals may feel alienated.

### Recommendation Five

Scrutiny Members should be reminded that Scrutiny Board meetings are not a forum to voice personal political views.

### 3.5 Co-opted Members

Having attended Scrutiny meetings at LCC that had both co-opted Members on the Board and no co-opted Members there appeared to be a greater level of participation by all when the Boards contained co-opted Members. In addition the contribution made by the co-opted Members was very valuable as these Members were able to draw upon their experiences and provide a different perspective.

Currently the constitution of LCC does allow all Scrutiny Boards to have co-opted members it is just something that is not widely exercised. This is almost the opposite at Bristol City Council where there are a large number of Scrutiny Boards with co-opted Members. The Scrutiny Support Unit has however been proactive in this area and have recently taken a paper to the Scrutiny Advisory Group highlighting the benefits of having co-opted Members on Scrutiny Boards.

### Recommendation Six

Each of the Scrutiny Boards should assess more formally whether co-opted Members should be invited to participate in their Board so to allow them to draw from the benefits of their involvement.

## 4 The vision and resources for scrutiny

### 4.1 Introduction

This section of the report discusses the extent to which the Council has a clear vision for the contribution of scrutiny and the resources to deliver that vision.

### 4.2 Vision for effective Scrutiny

By having an overall vision, aim or objective for a particular function it can serve to provide a clearer understanding of that function and demonstrate the added value that that function can bring.

From the documentation reviewed relating to Scrutiny at LCC there was no reference to what the Council see as their vision for Scrutiny. Following discussions with the Scrutiny Board Chairs, it was also clear that they each had their own personal visions for Scrutiny with there being no overarching Council wide vision. The visions from speaking to various Scrutiny Board Chairs included “holding the executive to account”; “getting involved in pre-policy decisions”; and “improving services for members of the public”.

### Recommendation Seven

The Council should ascertain what their overall vision is for the Scrutiny function, formally document this and then publicise it, potentially within the Scrutiny Board Procedure Rule Guidance Notes.

### 4.3 Resources for effective Scrutiny

Whilst there is no overall vision as to the role of Scrutiny at LCC all Officers and Members interviewed felt that the financial resources available to the Scrutiny function were adequate to enable it to fulfil its role. The actual expenditure relating to the Scrutiny support function totalled £574,312 in 2007-08; £585,247 in 2006-07; and £503,875 in 2005-06.

One area of concern that was raised by a Scrutiny Board Chair related to whether members of the Scrutiny Boards fully understand the totality of issues being discussed. Whilst the Scrutiny Boards have access to independent research facilities this



## 4 The vision and resources for scrutiny continued

Member felt that these were predominately internet based and did not allow for specialist expertise to always be obtained on a particular topic area. The Scrutiny Support Unit does however provide a newspaper clipping service for Scrutiny Board Chairs which enables Members to gain further information relating to topic areas and facilitates some horizon scanning to be undertaken and potential emerging issues identified. In addition the Scrutiny Support Unit keep track of up and coming legislation, current consultations, departmental forward plans, publications by pressures, quangos and national bodies and attend numerous seminars and conferences and report back on all of these.

In addition there are a number of web based forums which Scrutiny Members are encouraged to access to gain further information or identify emerging issues. There has also been a Regional Chairs Forum although Members from LCC have not accessed this facility.

### Recommendation Eight

Scrutiny Members should continue to be encouraged to access web based Scrutiny forums so that they have an additional network of resource to draw upon and it will enable further horizon scanning of emerging issues to be undertaken.

## 5 Matching of skills to Scrutiny Board roles

### 5.1 Introduction

This section of the report discusses the extent to which the skills of the members on the Scrutiny Boards are matched to and are appropriate for the fulfilment of their role.

### 5.2 Matching of members skills against the requirements of their role

The Scrutiny Boards are composed of elected Members who are selected to represent the political balance of the Council. As a result each political group has its own method of selection for appointing Chairs and Members to the Scrutiny Boards. However there is no formal matching undertaken by any of the political groups of the skills of Chairs and Members and the skill requirements of a particular Board. Given that there is no formal matching there is a risk that the most suitable candidate in terms of skills, experiences or even interest in the subject matter is not appointed as a Chair or Member of a Scrutiny Board.

### 5.3 Attendance

The table below highlights the percentage of members for each of the Scrutiny Boards that have attended 50% or less of the Scrutiny Board meetings in the time period 1 June 2008 – 19 March 2009:

Scrutiny Board	Percentage of members who have attended 50% or less of the meetings held between 1 June 2008 – 19 March 2009
Adult Social Care	23%
Central and Corporate	14%
Children's Services	27%
City Development	8%
City and Regional Partnerships	17%
Environment and Neighbourhoods	40%
Health	36%

## 5 Matching of skills to Scrutiny Board roles continued

This table clearly highlights that there are a large number of Scrutiny Board Members who are not attending meetings on a regular basis. In addition not only is there a poor attendance rate by some but there are other Members who are either late or who leave meetings early. Poor attendance rates, arriving late or leaving meetings early does not enable all Members to fully engage in the Scrutiny process.

Currently the Head of Scrutiny and Member Development sends reports to the Scrutiny Board Chairs and group Whips highlighting attendance rates for their Members. There is now a need for this to also be sent to each of the political groups for them to take action. For Scrutiny to be seen as effective across the Council it is paramount that Members who sit on each of the Boards attend and contribute to as many meetings as possible.

### Recommendation Nine

Regular reports should be made to the political parties highlighting the attendance rates for their Members. Where attendance rates fall below an acceptable level then it should be the responsibility of each political group to take appropriate action to address this. Alternatively the number of members on Scrutiny Boards could be reduced if there are too many competing demands on Members' time.

It is recognised by some Executive and Scrutiny Members that the Scrutiny function at LCC could be strengthened. Having attended a number of Scrutiny meetings it has been evident that the chairing styles of the Boards does differ and this can lead to there being a lack of clarity over what information the Board actually requires; to agenda items being given disproportionate amounts of time; and the engagement with other partners and members of the public being weak. The Council should therefore look closely at the methods used in appointing Scrutiny Chairs. Due to the differences previously highlighted in the selection methods employed by each of the political groups there is a risk that the Members appointed as Chairs of the Scrutiny Boards are not the most suitable. The Council should consider introducing a 'job specification' outlining the required competencies of a Scrutiny Chair. Each political group should then select the individuals who best meet this specification and this should be approved by the Leader of each group.

### Recommendation Ten

The Council should consider introducing a 'job specification' outlining the required competencies of a Scrutiny Chair. Each political group should then select the individuals who best meet this specification and this should be approved by the Leader of each group.

## 5 Matching of skills to Scrutiny Board roles continued

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There appears to be a range of methods used within the Local Government sector in terms of appointing individuals as Chairs of Scrutiny. These methods include:

- An informal process of nomination, dealt with by each political group and endorsed by full Council;
- Having job specifications, against which each political party appoints the most suitable candidate; and
- Using job specifications for the leader of each political party to formally interview candidates against.

## 6 Development of Scrutiny work programmes

### 6.1 Introduction

This section of the report discusses how scrutiny enquiries and public challenge feed into the work programme of Scrutiny Boards.

### 6.2 Development of Scrutiny work programmes

The first meeting of the year for Scrutiny Boards is held in June where the work programmes for the year are developed. Work programmes are developed having had access to a wide range of information including key performance indicators, external audit and inspections reports and financial data etc. Work programmes are not finalised documents as they are seen to evolve throughout the year.

As work programmes are evolving documents and to ensure that all Members continually identify new areas for inclusion in the work programme each Scrutiny Board should have a standing agenda item which allows for real time monitoring of issues, so that any emerging issues can be identified. This will enable any current issues to be added where appropriate to the work programme and will facilitate the Scrutiny Board being perceived to be having greater impact by continually scanning the horizon for potential issues.

#### Recommendation Eleven

All Scrutiny Boards should have 'real time monitoring' as a standing agenda item.

For a detailed inquiry area to be added to the work programme it will be considered against the Council's 'inquiry selection criteria' and the Scrutiny Board will consult with the relevant Director and Executive Member. The ultimate decision of whether to add an inquiry area to the work programme lies with the Scrutiny Board.

The Council also have a 'request for scrutiny' form that anyone can complete and submit to the relevant Scrutiny Board, this is subject to the same selection criteria above.

## 6 Development of Scrutiny work programmes continued

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At one of the Scrutiny Board meetings attended there was debate about whether or not to add a particular inquiry area to the work programme. Whilst Members of the board spent a considerable amount of time debating whether or not to add this to their work programme it was incorrectly pointed out that this had not been discussed with either the relevant Director or Executive Member. It was therefore decided to move this agenda item to the next meeting. This action was not actually required and could potentially lead to alienation of Members, partners and members of the public if meetings are not conducted in an efficient manner. By ensuring that all Scrutiny boards hold effective pre-meetings this will help to ensure that similar situations are limited.

## 7 Information for Members of Scrutiny Boards

### 7.1 Introduction

This section of the report discusses the extent to which the information available to Members enables them to reach appropriate conclusions.

### 7.2 Quality / Quantity of information

There is a general feeling amongst the Scrutiny Board Members that the quality of information they receive to enable them to reach appropriate decisions is to a high standard. This is felt to be facilitated by the strong relationships that the Scrutiny Board Members have developed with their Principal Scrutiny Advisors.

Across all Council meetings, not just Scrutiny, there is a trend for very large agenda packs. The risk of having such large agenda packs is that people do not get sufficient time to read the contents fully. Having reviewed all Scrutiny agenda packs for March 2009 there are only two with less than one hundred pages and there are four Scrutiny Boards with agenda packs greater than one hundred and fifty pages. The quantity of information that is presented and the number of agenda items may be a contributing factor as to why the contribution within some Scrutiny Board meetings of some Members is limited. The Council should consider whether the agenda packs could be limited in size as this could potentially lead to greater engagement by both Members and other attendees.

At one of the Children's Services Scrutiny Board meetings however, some Members felt that insufficient information was presented to decide if to go ahead and hold an inquiry hence adding an item to their work programme. As a consequence the agenda item had to be carried forward to the next meeting.

All Scrutiny Boards should ensure that they use their pre-meetings more effectively as this should be the forum for Members to voice concerns over the sufficiency of information presented. Chairs should ensure that at pre-meetings all Members are focused upon the forth coming meeting and they should ensure all Members identify which agenda item they will lead on. By having more focused pre-meetings this should lead to more efficient Scrutiny Board meetings.

## 7 Information for Members of Scrutiny Boards continued

### Recommendation Twelve

Scrutiny pre-meetings should be more effectively used. They should be a forum to provide real focus in advance of the Scrutiny meeting.



## 8 Call-In arrangements

### 8.1 Introduction

This section of the report discusses the design of the Call-In arrangements specifically in response to the Council's recent 'Corporate Assessment'.

### 8.2 Call In arrangements

Within the Local Government Act 2000 there is a requirement that Overview and Scrutiny Committees are given the power to recommend that a decision made but not implemented be reconsidered, 'Called In'. As 'Calling In' of a decision can lead to a period of delay before a decision is implemented it was envisaged that this mechanism is used sparingly.

The recent Corporate Assessment made the following observations in relation to Call in arrangements:

*".... Call-In arrangements need to be reviewed to support a fair and effective approach.... Call In arrangements are considered ineffective by many Councillors as two political parties have to agree which has resulted in few Call Ins in recent years."*

Following this observation the Council approved changes to its constitution in May 2008. Call In arrangements must now be signed by:

- Two Non Executive elected Members (who are not from the same political party); or
- Any five Non Executive elected Members.

Following the changes implemented above another review of the Call In arrangements was undertaken in October 2008 and the following arrangements implemented:

- Scrutiny Board Members should no longer be signatories to Call Ins which they will hear;
- A substitute Member is entitled to attend the Scrutiny Board meeting where the Call In is received in place of a regular Member; and
- Call in meetings can be adjourned up to a maximum of five working days to allow information not available at the time but considered crucial by the Scrutiny Board in order to reach a decision.

## 8 Call-In arrangements continued

As a consequence of these changes there has been an increase in the number of Call Ins received, which now appear in line with the level of Call Ins at other Local Authorities. These changes have also led to the view that Call Ins are becoming increasingly more effective.

One of the decisions recently Called In was at the City Development Scrutiny Board and related to a decision made around cemeteries and crematoria fees. Whilst this decision was released for implementation, it was noted that under the Officer Delegation, the decision had been implemented before the Call In period had expired. Internal Audit at the Council have recently highlighted this issue and included a recommendation within one of their reports.

### Recommendation Thirteen

The Scrutiny Support Unit should remind Officers of the processes that need to be adhered to relating to Call Ins.

## 9 Service delivery, service improvements and added value of Scrutiny

### 9.1 Introduction

This section of the report discusses the extent to which the recommendations of the Scrutiny Boards have resulted in changes in service delivery and service improvements and the extent to which Scrutiny adds value to the Council.

### 9.2 Service delivery and service improvements

Historically Scrutiny Boards have had no comprehensive system for tracking the implementation of recommendations. Hence it has not always been clear to demonstrate service delivery or improvements following recommendations made. To address this the Council have recently implemented a formal tracking system so that Scrutiny Boards can monitor the implementation of their recommendations in a more systematic way.

In addition on an annual basis a report is produced of the work undertaken by the Council's Scrutiny Boards. This highlights in detail the areas of focus of each Board and highlights some of the recommendations made. This could be further strengthened by outlining the service benefits of these recommendations as a demonstration of the impact Scrutiny can have.

#### Recommendation Fourteen

Within the Scrutiny annual report each Scrutiny Board should clearly outline the service benefits of the recommendations made. In addition each Scrutiny Board should consider using a consistent table or graph to clearly display the impact of their recommendations and the outcomes recording them as implemented; partially implemented; work in progress; not accepted; and no longer applicable.

Whilst not having had a formalised monitoring system in place for a long period of time, the Council is still able to highlight a wide range of examples of where the recommendations of the Scrutiny Boards have resulted in service delivery or improvements. A selection of examples are highlighted below:

- In November 2005 the Children's Services Scrutiny Board established a Young People's Scrutiny Forum to carry out scrutiny on topics chosen by the young people themselves. In their second year the Young People's Scrutiny Forum reviewed transport arrangements in Leeds for Young People and a local campaign has been launched for free bus travel for young people.

## 9 Service delivery, service improvements and added value of Scrutiny continued

- The Children's Services Scrutiny Board have been involved in steering the Council's approach to the development of Trust Schools to enable a proactive strategic approach to maximise the potential that Trust Schools might have in improving outcomes for children in deprived communities.
- The Scrutiny Boards also provide an important function to ensure that all parties have their views heard and comprehensively reflected. This has recently been evidenced where staff at a local school agreed to call off strike action after it was decided that Scrutiny would undertake an inquiry into a school based issue.
- The Health and Adult Social Care Scrutiny Boards have previously been acknowledged as being instrumental in improving the negotiations and working relationships between the Leeds Teaching Hospitals NHS Trust and the LGI Kidney Patients Association.
- Some of the funding awarded by the Centre for Public Scrutiny has been used to achieve one of the objectives of the Healthy Leeds Partnership's 'Health and Wellbeing Plan' which was to establish a Community Development Network for Leeds.
- Following a recommendation made by the Health and Adult Social Care Scrutiny Boards being implemented, for a representative from the Council's Development Department to become a member of the Leeds Childhood Obesity Strategy Group, it is recognised that they have played an active part in developing the action plan for tackling childhood obesity.
- The Environment and Neighbourhoods Scrutiny Board have been involved in an inquiry into the Council's own CO2 emissions. From reviewing this it is highly commendable to see the Board had factored into their inquiry future legislative changes relating to the Carbon Reduction Commitment.

All of the examples highlighted above have been identified by Scrutiny Members. None of the Executive Members interviewed were able to say when questioned any areas where Scrutiny has added value or where Scrutiny recommendations had led to service improvements. When asked as to why the Executive Members felt this was the case, some stated that they felt Scrutiny had become "cosy" and the enquiries held were "not very challenging". Some Executive Members felt that Scrutiny recommendations were ones that predominately had been generated by Officers themselves. Having reviewed a large number of Scrutiny recommendations this does not always appear to be the case although it does highlight the need for all Scrutiny Members to ensure they act with professional scepticism in all they do.

# 10 Policy development

## 10.1 Introduction

This section of the report discusses the extent to which the seven Scrutiny Boards challenge policy development and the consistency of actions taken by these Boards.

## 10.2 Policy development

Policy development can take the form of being involved in the development of a new policy area or can involve suggesting modifications to previous policies. Across the Council there are examples that a number of Scrutiny Boards are involved in some form of policy development, even if at the out set the area of review was not badged as policy development. Whilst there is still room for improvement in ensuring all Scrutiny Boards are more involved in policy development there is a consensus that there is a shift in the right direction and increasingly more work is being done in this area. From a review of the 2007/08 annual report which categorises the different types of work that the seven Scrutiny Boards have been involved in, it is clear to see that 33% of their total work in 2007/08 involved some form of policy review or development compared to 24% in 2006/07.

There are however, a number of Scrutiny Board Members who feel that they would like to be more involved in policy development. Following discussions with both Scrutiny Chairs and Executive Members there are a small number of inconsistencies in how the role of Scrutiny in policy development is viewed. From the feedback we received some Scrutiny Chairs do feel bypassed in policy development. Some Executive Members however felt that despite providing direction to Scrutiny Boards in terms of useful areas of work and policy development that they would like Scrutiny to get involved in, this is often ignored. During our review, however, we found limited evidence of this. In addition Executive Members stated that no rationale was provided as to why these areas were not felt to be priorities for the Scrutiny Boards.

### Recommendation Fifteen

There is a continuing need for Executive Members, Scrutiny Board Chairs and Officers to work together to identify areas where the Scrutiny Boards can add value to policy development work streams. Where Scrutiny Boards decide not to undertake work areas suggested by Executive Members a brief rationale should be provided so to prevent any misunderstandings arising.

## 10 Policy development continued

From a review of this years and prior years' work programmes it is evident that one example of where the Culture and Leisure Scrutiny Board (as it was previously called) could have been more involved in policy development was in regards to the proposals to establish a Sports Trust. The Board did however identify this as a potential area of work although following discussions decided against taking this forward.

There are a number of examples however of where the Scrutiny Boards have been able to demonstrate involvement in policy development. Examples include:

- The Children's Services Scrutiny Board where they have been actively involved in policy development relating to the services for 8 – 13 year olds; the development of an inclusion Strategy; and the education and training provision in Leeds for 14 – 19 year olds;
- The City Development Scrutiny Board have commented on a number of ongoing plans and strategies which has included the Local Development Framework;
- The Environment and Neighbourhoods Scrutiny Board have been involved in an inquiry into housing lettings which examined the Council's current housing lettings policy; and
- The Health Scrutiny Board have recently commenced an inquiry looking at teenage pregnancy and sexual health.

The Council's Scrutiny Boards' Annual Report is an excellent forum to highlight the examples of where the Scrutiny Boards have been involved in policy development or service enhancements. However other than in the introductory section - 'Work of the Boards' which shows the different types of work Scrutiny has been involved in, and the Children's Services section which shows the areas where they have been involved in the review of existing policy and the development of new policy, the remaining report sections make it difficult to identify which areas of work relate to policy development or review. The Head of Scrutiny and Member Development is looking to make changes to the 2008/09 Annual Report to make the identification of policy development work streams easier.

### Recommendation Sixteen

Templates for the layout of the Annual Report should be provided to Scrutiny Chairs so to increase the consistency and to enable greater comparability between the work of each of the Boards. Within the Annual Report each Scrutiny Board should clearly categorise the work using a consistent series of headings.

# 11 Performance Management

## 11.1 Introduction

This section of the report discusses the extent to which the Scrutiny function fits within the wider performance management arrangements of the Council.

## 11.2 The role of performance management within Scrutiny

At the start of the year when the work programmes for the Scrutiny Boards are developed (June) performance management information is shared with each Board to enable this to shape the direction of their work.

Performance management information is then presented on a quarterly basis to enable the Board to challenge the information and ask questions where appropriate to either the Executive Member, a corporate performance management Officer or the relevant Services Director. This should then provide some assurance that adequate progress is being made and where this is not the case provides a mechanism to challenge performance further.

Concern was raised by one Scrutiny Board Member that consistent poor performance against a particular key performance indicator (KPI) is not identified by Officers as being a potential area where the Scrutiny Board can provide insight and add value to the Council. Some Members, however have to take greater ownership and accountability here and not rely upon others to direct their work programmes but should feel empowered to proactively identify this themselves.

### Recommendation Seventeen

Scrutiny Board Members should be reminded of the need to assess the performance of key indicators throughout the year and use this to direct any area of their annual work programme.

Some Scrutiny Board Members also raised concern that whilst they are presented with data relating to KPIs on an exception basis they often do not fully understand the impact of this. Some organisations actually present information relating to what the impact is on the organisation of not achieving a particular KPI, this may be something the Council should consider for particular KPIs that have had historical poor performance.

# 11 Performance Management continued

## Recommendation Eighteen

Where there are key performance indicators with historical poor performance the Council should report to Scrutiny Boards the actual impact of this poor performance on service delivery. This may help identify areas where the Council could involve Scrutiny Boards further.

There are good examples however of where some Scrutiny Boards are clearly using performance information to shape their work programmes. The Environment and Neighbourhoods Scrutiny Board are one such board which have identified areas where performance was not meeting the required targets and used this to request more detailed information which lead to an inquiry being undertaken.

### 11.3 Performance Management of Scrutiny

Within the Scrutiny Annual Report there is detail provided of the work that is undertaken by each of the seven Scrutiny Boards. Each Scrutiny Board provides a brief summary of the work they have undertaken and the recommendations raised however it is difficult given the current format of the report to monitor the actual outcomes. Each Scrutiny Board should consider using a consistent table or graph to clearly display the outcomes of the recommendations recording them as implemented; partially implemented; work in progress; not accepted; and no longer applicable. This will ensure that the impact of Scrutiny is clearly identifiable. This is to be incorporated into the 2009/10 Annual Report.



# Recommendations and action plan

***	<b>Significant residual risk</b> **	<b>Some residual risk</b>		<b>Little residual risk</b>
	<b>Recommendation</b>	<b>Priority</b>	<b>Management response</b>	<b>Responsibility and timescale</b>
1	<p>The Council should review the Scrutiny Board Procedure Rules Guidance Notes and add that the Scrutiny Boards will:</p> <ul style="list-style-type: none"> <li>• Be innovative in their approach to challenging the way the Council operates;</li> <li>• Add value to the Council through the reviews they do; and</li> <li>• Strive to improve communication channels within the Council and the wider community.</li> </ul>	*	Agree.	Head of Scrutiny and Member Development September 2009
2	<p>The Council should publish and distribute local and national examples of where Scrutiny has added value and impact within the Annual Report. This should be seen by full Council and Officers. This will continue to convey the message that by engaging fully with Scrutiny the Council as a whole will benefit through improved public services.</p>	***	<p>Agree.</p> <p>The Annual report is already presented to full council.</p> <p>A number of scrutiny case studies have featured in national toolkits and studies. In addition some scrutiny reviews were featured in the 'Picture of Leeds' series produced for the CPA in 2007.</p> <p>We will look at strengthening this aspect by incorporating such messages into our overall 'communications strategy'.</p>	Head of Scrutiny and Member Development September 2009

# Recommendations and action plan

***	Significant residual risk **	Some residual risk	Little residual risk *	
	Recommendation	Priority	Management response	
			Responsibility and timescale	
3	The Council should raise the profile of the 'Memorandum of Understanding between Executive Board and Overview and Scrutiny' and should encourage further engagement between the Scrutiny Chairs, Executive Members and Officers. On an annual basis this document should also be included within the Members induction programme.	***	Agree. The development of a Council vision for scrutiny (recommendation 7) will be a good tool to develop this engagement further. The 'Memorandum of Understanding' will be refreshed and re-circulated annually.	Head of Scrutiny and Member Development June 2009 onwards
4	Single item agendas should be introduced for Scrutiny Board meetings to improve their efficiency.	**	Agree. Scrutiny Boards will be encouraged to focus on single item agendas wherever possible and appropriate when developing their work programmes.	Scrutiny Chairs/Head of Scrutiny and Member Development June 2009 onwards
5	Scrutiny Members should be reminded that Scrutiny Board meetings are not a forum to voice personal political views	**	Agree. This will first take place at the June meeting, but Group whips will be reminded via the publication of this report. We accept that whilst party politics should be left at the door, Members will rightly be influenced by their political views but will make recommendations based on evidence.	Scrutiny Chairs/Group Whips/Head of Scrutiny and Member Development June 2009 onwards

## Recommendations and action plan (Cont.)

***	Significant residual risk **	Some residual risk **	Priority	Management response	* Little residual risk
	Recommendation				Responsibility and timescale
6	Each of the Scrutiny Boards should assess more formally whether co-opted Members should be invited to participate in their Board so to allow them to draw from the benefits of their involvement.	**	**	Agree. This will be a formal item on the June Scrutiny Board meeting agendas.	Head of Scrutiny and Member Development June 2009
7	The Council should ascertain what their overall vision is for the Scrutiny function, formally document this and then publicise it, potentially within the Scrutiny Board Procedure Rule Guidance Notes.		*	Agree. We would suggest that the CfPS five principles of scrutiny are used as a starting point. This will require sign up by the Leaders and should involve a wide range of stakeholders.	Head of Scrutiny and Member Development/ Administration Leaders/Scrutiny Chairs October 2009
8	Scrutiny Members should continue to be encouraged to access web based Scrutiny forums so that they have an additional network of resource to draw upon and it will enable further horizon scanning of emerging issues to be undertaken.		*	Agree. Members will be reminded of these resources on an annual basis at the start of the municipal year, as well as on an ongoing basis.	Head of Scrutiny and Member Development June 2009 onwards

## Recommendations and action plan (Cont.)

***	Significant residual risk **	Some residual risk	* Management response	Little residual risk Responsibility and timescale
	Recommendation	Priority	Management response	Responsibility and timescale
9	Regular reports should be made to the political parties highlighting the attendance rates for their Members. Where attendance rates fall below an acceptable level then it should be the responsibility of each political group to take appropriate action to address this. Alternatively the number of members on Scrutiny Boards could be reduced if there are too many competing demands on Members' time.	**	Agree. We currently do this to political groups.	Head of Scrutiny and Member Development/ Group Whips Ongoing
10	The Council should consider introducing a 'job specification' outlining the required competencies of a Scrutiny Chair. Each political group should then select the individuals who best meet this specification and this should be approved by the Leader of each group.	**	We shall be introducing 'job specifications' as part of our bid to achieve 'CharterPlus' for Member Development. Whilst the competencies required for the role will be made available to the political groups, the groups need to consider the requirements for the role within the context of national party rules.	Head of Scrutiny and Member Development October 2009 Political Groups

## Recommendations and action plan (Cont.)

***	Significant residual risk **	Some residual risk *	Little residual risk	
	Recommendation	Priority	Management response	
			Responsibility and timescale	
11	All Scrutiny Boards should have 'real time monitoring' as a standing agenda item.	*	Agree. All Scrutiny Boards have a standing item where they review their work programme, and receive the Forward Plan and Executive Board minutes to assist them in any reprioritisation of work. This is required by the Council's constitution. All Scrutiny Boards also have the facility to engage in general discussions with the appropriate Executive Member and Director about service issues. We would not envisage this being a standing item but a facility available to Scrutiny Boards when appropriate.	Head of Scrutiny and Member Development Ongoing
12	Scrutiny pre-meetings should be more effectively used. They should be a forum to provide real focus in advance of the Scrutiny meeting.	**	Agree. We believe that there is scope to improve on the current use of pre-meetings.	Head of Scrutiny and Member Development/ Scrutiny Chairs June 2009 onwards
13	The Scrutiny Support Unit should remind Officers of the processes that need to be adhered to relating to Call Ins.	*	Agree. We will work with colleagues in Governance Services to ensure officers across the council are aware of the stages and timescales involved in the decision-making process, particularly in relation to the call-in requirements.	Head of Scrutiny and Member Development/Head of Governance Services September 2009

## Recommendations and action plan (Cont.)

***	Significant residual risk **	Some residual risk *	Little residual risk	
	Recommendation	Priority	Management response	
			Responsibility and timescale	
14	<p>Within the Scrutiny annual report each Scrutiny Board should clearly outline the service benefits of the recommendations made. In addition each Scrutiny Board should consider using a consistent table or graph to clearly display the impact of their recommendations and the outcomes recording them as implemented; partially implemented; work in progress; not accepted; and no longer applicable.</p>	**	<p>Agree. This will be introduced for the 2009/10 Annual Report. The progress of recommendations will relate mainly to those recommendations made the previous year. We will use our existing recommendation tracking system to provide this information.</p>	<p>Head of Scrutiny and Member Development May 2010</p>
15	<p>There is a continuing need for Executive Members, Scrutiny Board Chairs and Officers to work together to identify areas where the Scrutiny Boards can add value to policy development work streams. Where Scrutiny Boards decide not to undertake work areas suggested by Executive Members a brief rationale should be provided so to prevent any misunderstandings arising.</p>	**	<p>Agree. The success of this will depend on the relationship between Scrutiny and Executive Board Members. The work programme setting meeting in June will be crucial for this to be a success. The Scrutiny Board Procedure Rules already require the Board to provide an explanation where it turns down a suggestion from the Executive Board.</p>	<p>Head of Scrutiny and Member Development June 2009 onwards</p>

## Recommendations and action plan (Cont.)

***	Significant residual risk	**	Some residual risk	*	Little residual risk
	Recommendation	Priority	Management response		Responsibility and timescale
16	Templates for the layout of the Annual Report should be provided to Scrutiny Chairs so to increase the consistency and to enable greater comparability between the work of each of the Boards. Within the Annual Report each Scrutiny Board should clearly categorise the work using a consistent series of headings.	**	Agree. This will be introduced for the 2009/10 Annual Report. The use of categories of work has been introduced for the 2008/09 annual report	*	Head of Scrutiny and Member Development May 2010
17	Scrutiny Board Members should be reminded of the need to assess the performance of key indicators throughout the year and use this to direct any area of their annual work programme.	**	Agree. A training session, facilitated by the Centre for Public Scrutiny will take place in June and the messages reinforced throughout the year.		Head of Scrutiny and Member Development May 2009 onwards
18	Where there are key performance indicators with historical poor performance the Council should report to Scrutiny Boards the actual impact of this poor performance on service delivery. This may help identify areas where the Council could involve Scrutiny Boards further.	**	Agree. This will be fed into the quarterly performance monitoring reports received by all Scrutiny Boards		Head of Scrutiny and Member Development and Head of Policy, Planning and Improvement October 2009

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**Report of the Chief Democratic Services Officer**

**Corporate Governance and Audit Committee**

**Date: 30<sup>th</sup> June 2009**

**Subject: Annual Monitoring of Key and Major Decisions**

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**Electoral Wards Affected:**

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

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**Executive Summary**

1. This report provides assurances to the Corporate Governance and Audit Committee with regard to the administration of Key and Major decisions notified to Democratic Services during the financial year 2008/09.
2. The report considers:
  - the number of Key and Major delegated decisions notified during the period and the reasons given by Directors where decisions have been designated as exempt from the Call-In process; and
  - the number of Key Delegated Decisions notified during the period that were not in the Forward Plan of Key Decisions and the reasons provided by Directors.
3. The report also, within the context of the findings of the recent Internal Audit into Key and Major decisions taken by officers, outlines areas for improvements for 2009/10.

## 1.0 Purpose Of This Report

- 1.1 This report provides assurances to the Corporate Governance and Audit Committee with regard to the administration of Key and Major decisions notified to Democratic Services during the financial year 2008/09.
- 1.2 The report considers:
  - the number of Key and Major delegated decisions notified during the period and the reasons given by Directors where decisions have been designated as exempt from the Call-In process; and
  - the number of Key Delegated Decisions notified during the period that were not in the Forward Plan of Key Decisions and the reasons provided by Directors.
- 1.3 The report also, within the context of the findings of the recent Internal Audit into Key and Major decisions taken by officers, outlines areas for improvements in the administration of decisions for 2009/10.

## 2.0 Background Information

- 2.1 At its meeting on the 22<sup>nd</sup> October 2008, Members raised a concern regarding the risks associated with unconstitutional decision making, and some examples of decisions which may have been implemented prior to the conclusion of the call-in period were given.
- 2.2 It was also reported that a sample of decisions made were currently being audited to assess whether the correct procedures were being followed, the outcomes of which were reported at the last meeting of this Committee.
- 2.3 As a result of these concerns Members requested that a report be prepared for consideration at this committee detailing the number of delegated decisions that had been designated exempt from Call-In.
- 2.4 In addition to the information requested by Committee this report provides additional information and commentary on the Forward Plan of Key Decisions and the delegated decision process. The report also outlines areas for improvements in the administration of decisions for 2009/10.

## 3.0 Types of Decisions

- 3.1 Decisions relating to executive functions are defined as Key, Major, Significant Operational or Administrative. All decisions other than Administrative need formal recording in accordance with paragraph 7 of the Guidance Notes on Delegated Decisions. Administrative Decisions although not required to be formally recorded, must have suitable auditable trails.
- 3.2 The two categories of decisions that are eligible for Call-In are as follows:
- 3.3 **Key Decision:-** a decision relating to an executive function which is likely
  - to result in the authority incurring expenditure or making savings over £250,000 each year, or
  - to have a significant effect on communities living or working in an area comprising two or more wards.

3.4 **Major Decision:-** a decision relating to an executive function which is likely

- to result in the authority incurring expenditure or making savings over £100,000 each year, or
- to have a significant effect on communities living or working in an area (including one ward).

#### 4.0 **Call-in Exemptions 2008/09**

##### Key Decisions

4.1 In the period under review there were 125 delegated Key Decisions taken by officers which were notified to Democratic Services. Five of these were exempt from call-In procedures.

4.2 The reasons for the exemptions were as follows:

- A decision of Council at the Annual Meeting on the 22<sup>nd</sup> May 2008 amended the definition of a Key decision to savings or expenditure over £250,000 (not £500,000). As Key decisions have an additional 5 day notice period of an intention to take a decision before a decision can be implemented the decision was exempt from Call-In as the additional 5 day 'delay' for Call-in would have meant that the decision could not have been implemented in time. This reason was used on 3 occasions.
- Protracted negotiations with a contract provider required the contract to be signed and entered into by a specific date which was before any call-in period would have ended and therefore the decision was classified as exempt from call-in.
- A delay in the decision to submit a Partnership agreement by the specified deadline would have had significant implications for the Council and funding for the project would have been lost and therefore the decision was classified as exempt from call-in.

4.3 The Head of Governance Services is of the view that all instances where exemptions were required were reasonable and that notification to Governance Services was compliant with the provisions of the Constitution.

##### Major Decisions

4.4 In the period under review there were 153 delegated Major Decisions taken by officers and 3 of these were exempt from call-In procedures.

4.5 The reasons for the exemptions were as follows:

- The Council had received confirmation of a Government offer and a response was required before any call-In period would have expired. Failure to respond to the Government in respect of the offer could have seriously prejudiced the people of Leeds.
- Contracts were about to expire and the ability to provide service continuation would not have been possible had the decision been eligible for Call-In. This reason was used on 2 occasions.

4.6 The Head of Governance Services is of the view that broadly the reasons for exemption which were provided were reasonable and compliant with the provisions of

the Constitution. However the Head of Governance Services is of the view that more timely management of contracts is required in order that the timescales for Call In be incorporated into the contract letting process.

## **5.0 Key Decisions Taken Under Special Urgency Provisions**

- 5.1 In the period under review there was 1 decision taken under the 'Special Urgency' provisions contained in the Constitution and details of this decision are also included within the statistics provided in 3.2 of this report. The last decision prior to this taken under the special urgency provisions was in 2003.
- 5.2 Paragraph 15 of the Access to Information Procedure Rules allows for 'Special Urgency' and states: "If by virtue of the date by which a decision must be taken Rule 14 (general exception) cannot be followed, then the decision can only be taken if the decision taker (if an individual) or the chair of the body making the decision, obtains the agreement of the chair of a relevant Scrutiny Board that the taking of the decision cannot be reasonably deferred and the decision is urgent. If there is no chair of a relevant Scrutiny Board, or if the chair of the relevant Scrutiny Board is unable to act, then the agreement of the Lord Mayor of the Council, or in his/her absence the Deputy Lord Mayor will suffice".
- 5.3 The decision subject to the Special Urgency provisions related to the invocation of a 6 months contract extension for the continuation of supported independent living services for vulnerable people with learning disabilities provided by UBU.
- 5.4 In accordance with the requirements of the Access to Information Procedure Rules the use of the Special Urgency provision was reported to Executive Board in July 2008 and Council in September 2008.
- 5.5 The Head of Governance Services is of the view that the circumstances of the use of the Special Urgency provisions was reasonable and compliant with the provisions of the Constitution. However, as with the exemption from Call In of major decisions, the Head of Governance Services is of the view that more timely management of contracts is required.
- 5.6 To help support directorates in this regard, as from April 2009, the Head of Governance Services has undertaken to, on a monthly basis, inform the relevant Director of any instances where delegated Key or Major Decisions have been taken which have been exempted from the Call-In process and raise any issues of concern.
- 5.7 The Head of Governance Services also brings Corporate Governance and Audit Committee's attention to a Democratic Services performance indicator dealing with the availability of decisions for Call In. For 2008/09 the target for the percentage of decisions available for Call In was 95%. The performance of the Council during this period was 98%.

## **6.0 Forward Plan of Key Decisions**

- 6.1 The Leader of Council is required to produce each month a Forward Plan of Key Decisions detailing those Key Decisions which are to be taken by the Executive Board and by Officers (under delegated powers).
- 6.2 The Forward Plan is prepared on a monthly basis and contains details of the Key Decisions to be made for the four month period following its publication. This

document provides details of the date on which the Decision is due to be taken and who is going to be consulted.

- 6.3 In the period under review there were 125 delegated Key Decisions and 34 of these were not included within the Forward Plan of Key Decisions.
- 6.4 If a Key delegated decision is not on the Forward Plan then the reason and the need for the decision to be taken must be detailed on the delegated decision notification before it is processed within the Governance Services Unit. Reasons were given on all the decisions taken that were not in the Forward Plan and the generic reasons advanced are detailed below:
- A decision of Council at the Annual Meeting on the 22<sup>nd</sup> May 2008 amended the definition of a Key decision to savings or expenditure over £250,000 (not £500,000). At the time of publication of the Forward Plan the decision would have been classified as Major and therefore not required to be entered into the Forward Plan. There were 10 occasions when this circumstance applied and the last occasion was the 7<sup>th</sup> July 2008.
  - There were 7 occasions when decisions were taken that had appeared in the Forward Plan a month previously and due to delay in contract negotiations the decision was delayed into the following month with the consequence that the decision did not appear in the Forward Plan.
  - 1 decision was the purchase of energy where a decision was required to 'lock-in' a price that was advantageous to the Council and this meant there was not sufficient time to enter the decision onto the Forward Plan.
  - There were 4 decisions taken that could be classified as decisions that required contracts/works starting urgently and there was not sufficient time to place the decision into the Forward Plan.
  - There were also 5 decisions taken that could be classified as decisions that relied on details of external funding and this information was received after Plans had been published.
  - There were 4 decisions taken where scheme costs were not known or information was delayed which meant that the schemes missed the publication date for the Forward Plan for that period.
  - 1 decision was taken where the quotation had a limited validation and needed to be acted upon to avoid the need to undergo a retendering exercise which could have adversely impacted upon the purchase price.
  - 2 decisions were taken where a lack of awareness meant that the decisions were not recorded in the Forward Plan.
- 6.5 Whilst the Head of Governance Services is of the view that those Key Decisions (which were not pre notified on the Forward Plan), were taken in accordance with the provisions of the Constitution, there remains scope within directorates for more timely management of decisions. This will enable more decisions to be pre notified on the Forward Plan and in doing so this will improve the openness and transparency of the Council's most significant decisions.

6.6 The Head of Governance Services brings Corporate Governance and Audit Committee's attention to a Council Business Plan performance indicator dealing with those Key Decisions which did not appear in the Forward Plan. For 2008/09 the target for the percentage of decisions which did not appear on the Forward Plan was 15%. The performance of the Council was 16%<sup>1</sup>. However having reviewed the performance in some detail it is apparent that 27% of Key decisions taken by Officers had not been pre notified on the Forward Plan. This is an important improvement area for 2009/10 and to help support directorates the Head of Governance Services, has undertaken, on a monthly basis, to inform Directors of any instances of delegated Key Decisions been taken which were not entered in the Forward Plan of Key Decisions and raise any issues of concern.

## **7.0 Monitoring of Decisions**

- 7.1 The recent Internal Audit report concerning Key and Major decisions recommended that the Head of Governance Services be empowered with appropriate escalation procedures where there are concerns regarding compliance with the Constitution.
- 7.2 It is felt that the introduction of the procedure detailed in paragraphs 5.5 and 6.6 of this report will provide the Head of Governance Services with the ability to identify and escalate concerns to Directors as required. In addition to these arrangements any ongoing concerns will be raised with the Monitoring Officer.
- 7.3 Additionally during the last Municipal Year the Head of Governance Services introduced additional processes in respect of delegated Key Decisions in an attempt to ensure that as many decisions as possible were included within the Forward Plan of Key Decisions.
- 7.4 Governance Services identify each month decisions within the Forward Plan that have not been taken and ask the decision maker whether the decision is to be taken that month or whether it requires 'slipping' to the following month if the decision is not to be taken in the month originally notified.
- 7.5 The introduction of these processes has improved the number of decisions that appear in the Forward Plan. In the first quarter in 2008/09 56% (9 out of 16) of delegated Key Decisions did not appear in the Forward Plan. This figure reduced significantly over the 12 month period to 27% (34 out of 125).
- 7.6 The Internal Audit report noted that 'some good procedures for challenging notified decisions exist within Governance Services and are operating satisfactorily', and, as stressed at the beginning of this report, the assurances provided by the Head of Governance Services are in relation to those Key and Major decisions which are notified by directorates or taken by the Executive Board.
- 7.7 This report does not consider Licensing or Planning decisions taken by officers under delegated authority or by Council Committees. It is proposed that in future annual reports be submitted to this committee to provided a commentary/opinion in relation to those aspects of the Council's decision making arrangements.
- 7.8 There however remains a gap, identified by Internal Audit, to ensure that all decisions are correctly defined within directorates and are subsequently taken in accordance with the Council's Constitution.

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<sup>1</sup> This figure includes Key Decisions taken by both Executive Board and by Officers under their delegated authority.

- 7.9 The Assistant Chief Executive (Corporate Governance) is to consider what other central monitoring arrangements might be introduced to ensure that all decisions taken are correctly notified to Democratic Services.
- 7.10 A further issue identified within the Internal Audit report was that no formal lists of authorised signatories were held by Governance Services to evidence that delegated decisions had been appropriately authorised.
- 7.11 Each Director has recently updated their sub-delegation scheme. This provides details of the decision making authority of officers in directorates and any terms and conditions which might apply to that authority.
- 7.12 Using these updated schemes Governance Services are now ensuring that those decisions which are notified to them are being taken by those officers who have the appropriate authority to do so. The delegated decision notification form is also to be amended in order that the decision maker, and their authority, can be more explicitly identified.

## **8.0 Decision Making Skills Criteria For Decision Takers**

- 8.1 The Internal Audit report also identified some gaps in terms of knowledge and training in respect of decision making and felt this had directly contributed to decisions not being fully in compliance with the Constitution.
- 8.2 The Head of Governance Services has drafted a competency framework for decision makers within the Authority. This is to be targeted at those officers across the Authority with delegated decision making authority and has been designed to help:
- Raise awareness of the importance of ensuring consistency and transparency in decision making;
  - Identify strengths, weaknesses and improvement areas of those officers with delegated and sub delegated decision making authority;
  - Assist decision takers to perform better in their roles and achieve better results;
  - Assess the extent to which decision making awareness and skills exist across the Council; and
  - Ensure decision takers are aware of relevant statutory and regulatory responsibilities relating to decision making.
- 8.3 In addition to the competency framework it is the intention of the Head of Governance Services to revisit the Corporate Report Writing Guidance during the Municipal Year to reflect comments within the Internal Audit report.

## **9.0 Implications For Council Policy And Governance**

- 9.1 The Council's Constitution sets out the legal framework to decision making and establishes a system to document decisions taken under delegated authority.
- 9.2 The Council's Constitution also sets out which decisions are eligible for call-in and how a Director can identify a decision as being exempt from call-in where they consider the decision to be urgent and any delay in implementing the decision would seriously prejudice the Council's or public interest.

9.3 The Council's Constitution also sets out the requirement to enter details of Key Decisions in the Forward Plan of Key Decisions.

## **10.0 Conclusions**

10.1 In conclusion during the period under review there were 278 delegated decisions classified as either Key or Major and would therefore be eligible for call-in.

10.2 Of these decisions 8 were designated as exempt from call-in and in each case a reason was given on the decision documentation as to why the decision should be designated as exempt from the call-in process.

10.3 There were 125 Key Delegated Decisions that were eligible for inclusion in the Forward Plan of Key Decisions.

10.4 Of these 34 were not included in the Forward Plan of Key Decisions and in each case reasons were given for the non inclusion of the decisions within the Plan.

10.5 A recent Internal Audit report in respect of Key and Major decisions taken by officers under delegated or sub-delegated authority during 2008/09 identified a number of issues and this report provides Corporate Governance and Audit Committee with some commentary in respect of those issues.

## **11.0 Recommendations**

11.1 Members of the Committee are asked to:

- note the number of delegated decisions taken during the period 1 April 2008 and 31 March 2009 and the number of those that were exempt from call-in and the reasons why;
- note the number of delegated Key Decisions that did not appear in the Forward Plan of Key Decisions;
- Consider the assurances provided by the Head of Governance Services;
- Consider the actions taken in response to the issues raised by the recent Internal Audit report; and
- Request future annual reports in relation to planning and licensing decision making.

## **Background Documents**

Guidance Notes on Delegated Decision Making

Access to Information Procedure Rules

Internal Audit Report – Key and Major Decisions taken by officers under delegated or sub-delegated authority 2008/09





Originator: L Ford

Tel: 51712

**Report of the Assistant Chief Executive (Corporate Governance)**

**Corporate Governance and Audit Committee**

**Date: 30<sup>th</sup> June 2009**

**Subject: Corporate Governance Statement 2009**

**Electoral Wards Affected:**

Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

**1.0 Purpose Of This Report**

- 1.1 The purpose of this report is to inform Members that they will be asked to approve the Council's Corporate Governance Statement for 2009 at this meeting (30<sup>th</sup> June 2009). However, as the Corporate Governance Statement was not available at the time of the agenda dispatch, it will be circulated to Members as soon as possible.
- 1.2 The statement is an audited public statement on the adequacy of the Council's Governance arrangements and will form an integral element of the annual accounts. On the basis of the assurances given in the statement the Leader of the Council, the Chair of the Corporate Governance and Audit Committee, the Chief Executive and the Assistant Chief Executive (Corporate Governance) sign the document on behalf of the Council.

**2.0 Background Information**

- 2.1 The preparation and publication of an annual governance statement is necessary to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003<sup>1</sup> which requires authorities to conduct, a review at least once in every year of the effectiveness of its system of internal control in accordance with proper practices.
- 2.2 From 2007/08 those proper practices were defined within the Framework (and supplement) for Delivering Good Governance in Local Government issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE). The statement is being produced in compliance with those defined practices.

<sup>1</sup> As amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

### **3.0 Main Issues**

- 3.1 The Corporate Governance and Audit Committee will be asked to approve the Corporate Governance Statement for 2009 at this meeting (30<sup>th</sup> June 2009). However, as the Corporate Governance Statement was not available at the time of the agenda dispatch, it is not attached to this agenda and will be circulated to Members as soon as possible.

### **4.0 Implications For Council Policy And Governance**

- 4.1 The Corporate Governance Statement is a core element of the Council's corporate governance arrangements.

### **5.0 Legal And Resource Implications**

- 5.1 The Statement is a necessary requirement of the Accounts and Audit Regulations 2003. The statement is an audited public statement on the adequacy of the Council's Governance arrangements and will form an integral element of the annual accounts.

### **6.0 Conclusions**

- 6.1 Members will be asked to approve the Corporate Governance Statement for 2009 at this meeting. As the Corporate Governance Statement was not available at the time of the agenda dispatch, it will be circulated to Members as soon as possible.

### **7.0 Recommendations**

- 7.1 Members are requested to note that:
- they will be asked to approve the Corporate Governance Statement for 2009 at this meeting; and
  - the Corporate Governance Statement will be circulated as soon as possible.

#### Background Documents

Accounts and Audit (Amendment) (England) Regulations 2006

'Delivering Good Governance in Local Government' Framework, CIPFA/SOLACE



## Report of the Director of Resources

### Corporate Governance & Audit Committee

Date: 30th June 2009

### Subject: KPMG Interim Audit Report

#### Electoral Wards Affected:

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

## 1.0 Purpose of this Report

1.1 This report summarises KPMG's planning and interim audit work at Leeds City Council in relation to the 2008/09 financial statements.

## 2.0 Background Information

2.1 A significant proportion of the accounts audit is completed before KPMG receive the Council's financial statements. In particular, KPMG's work to date covers the following areas:

- Audit planning and risk analysis: KPMG have identified the key issues for the 2008/09 financial statements and discussed the Council's progress in addressing them.
- Control evaluation: KPMG have reviewed the Council's progress with the closedown and accounts production process. They have also tested controls over the key financial systems. They have relied on the work of internal audit wherever possible, and complete an assessment of the internal audit function as part of this work.

## 3.0 Main Issues

3.1 The key findings of the report are set out below:

- Further strengthening required on the controls for checking establishments.
- Additional monitoring of user access rights, in particular those with rights to amend passwords.

#### **4.0 Implications for Council Policy and Governance**

4.1 KPMG's report (attached at Appendix 1) provides the Committee with independent assurance on the Council's:

- Progress in addressing the key issues in producing the 2008/09 financial statements.
- The quality of controls on the key financial systems.

#### **5.0 Legal and Resource Implications**

5.1 There are no specific legal or resource issues associated with this report.

#### **6.0 Conclusions**

6.1 KPMG have summarised the main findings of the audit as follows:

- The Council's accounts production process is good, as reflected in the 2008 Use of Resources score of a level 4.
- The operation of Internal Audit was good and consequently KPMG were able to place reliance on their work on the key financial systems.
- The review of high level controls for the key financial systems found one issue concerning payroll establishment checklists.
- The review of the IT general controls found two issues in respect of user access to financial systems.

#### **7.0 Recommendations**

7.1 It is recommended that Members note the findings of the KPMG report along with the officer actions and timeframes for completion.

#### Background Documents

None



GOVERNMENT

**Interim Audit  
Report 2008/09**

**Leeds City Council**

June 2009

AUDIT

# Content

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**Appendices** 6

- A. Recommendations arising from 2008/09 interim audit
- B. Follow up of prior year recommendations
- C. Accounts risks

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Adrian Lythgo, who is the engagement Associate Partner to the Authority, telephone 0113 231 3054, email [adrian.lythgo@kpmg.co.uk](mailto:adrian.lythgo@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 236 4000, email [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Investigation Officer, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by e mail to: [complaints@audit-commission.gov.uk](mailto:complaints@audit-commission.gov.uk). Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421



## Executive summary

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### Scope of this report

This report summarises our planning and interim audit work at Leeds City Council ('the Authority') in relation to the 2008/09 financial statements. A significant proportion of our accounts audit is completed before we receive your financial statements. In particular, our work to date covers the following areas:

- Audit planning and risk analysis: We have identified the key issues for the 2008/09 financial statements and discussed your progress in addressing these.
- Control evaluation: We have reviewed your progress with the closedown and accounts production process. We have also tested controls over the key financial systems. We rely on the work of internal audit wherever possible, and complete an assessment of the internal audit function as part of this work.

Section 2 provides further details of the work completed and sets out our findings.

Our recommendations arising from our 2008/09 interim audit are included in Appendix A. We have also reviewed your progress in implementing prior recommendations and this is detailed in Appendix B.

This is the first year that we have presented a formal report to the Audit Committee. In prior years we have presented an informal report to management highlighting our planning and interim audit findings. However given that one of the recommendations, relating to establishment checklists raised in prior years has not been satisfactorily resolved the decision has been made, and agreed with Doug Meeson, to present a formal report to the Audit Committee summarising the results of our planning and interim audit work.

### Summary of findings

- The Authority's accounts production process is planned appropriately;
- The Authority has taken steps to address the specific audit risks we have identified;
- Our review of the Authority's entity level controls found no issues at this stage;
- Our review of the Authority's IT general controls found two issues in respect of user access to financial systems which are discussed in more detail in this report;
- Our review of the high level controls for the key financial systems found one issue concerning payroll establishment checklists which is discussed in more detail in this report. The exact details of the impact that this may have on our final audit is still being determined and will be reported within the 2008/09 ISA 260 report; and
- Our review of internal audit found the operation of Internal Audit to be good, we were able to place reliance on work covered by internal audit on the key financial systems and sample sizes used by internal audit were sufficient for our purposes.

### Acknowledgements

We would like to take this opportunity to thank officers and members for their continuing help and co-operation throughout our audit work.

## Section two

# Financial statements

### Introduction

Our work in respect of the audit of financial statements is split into four stages as shown below:

Stage	Tasks	Timing	Completed
Planning	<ul style="list-style-type: none"> <li>Updating our business understanding and risk assessment</li> <li>Assessing the organisational control environment</li> <li>Issuing our accounts audit protocol</li> </ul>	December 2008 to February 2009	✓
Control Evaluation	<ul style="list-style-type: none"> <li>Reviewing the accounts production process</li> <li>Evaluating and testing controls over key financial systems</li> <li>Review of internal audit</li> </ul>	March to April 2009	✓
Substantive Testing	<ul style="list-style-type: none"> <li>Planning and performing substantive work</li> <li>Concluding on critical accounting matters</li> </ul>	July to August 2009	-
Completion	<ul style="list-style-type: none"> <li>Completion procedures</li> <li>Forming our audit opinion</li> </ul>	September 2009	-

Key issues in respect of each of these tasks is summarised below.

#### Planning - Risk assessment

Our 2008/09 *Audit and Inspection Plan*, presented to you in June 2008, included our initial assessment of the risks impacting on the 2008/09 financial statements. We have updated this and consider the following areas to be the key accounting issues for 2008/09.

- Compliance with the 2008 *Statement of Recommended Practice on Local Authority Accounting the UK* (SORP): includes a number of changes, including prohibiting the revaluation of fixed assets on disposal and introducing the concept of 'revenue expenditure funded from capital under statute'.
- Accounting estimates and valuations: The current economic environment introduces a number of risks for the financial statements, in particular for estimates and valuations. This includes the valuation of fixed assets which are carried at market value (such as investment properties and surplus assets) and the assessment of recoverability of debts to determine appropriate provisions.
- Minimum Revenue Provision: In the past all capital expenditure has been treated the same when calculating the Minimum Revenue Provision (MRP). The *Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008* now require authorities to make a 'prudent' provision. The Authority approved its MRP policy in February 2009 and will be basing the 2008/09 MRP on asset lives. This is more complex than the methodology adopted previously and requires accurate fixed asset information.

We will continue to discuss these risks with your finance team as part of our regular meetings with them.

You have taken our audit risks seriously and made progress in addressing the risks identified. However, these still present significant challenges that require careful management and focus. We will revisit these areas during our final accounts audit.

Further details are included in Appendix C, which also provides a summary of work you have completed to date to address these risks.



## Financial statements (continued)

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### Planning - Organisational control environment

Most of the organisational controls we assess are linked to our use of resources work, which also considers your system of internal control.

We consider that your organisational controls are effective overall.

We also consider controls over the use of information technology (IT).

We found that you have further strengthened your IT control environment but noted continuing weaknesses (which are highlighted in Appendix A) :

- There is no formal process in place for monitoring access to FAB and Academy. i.e. reviewing personnel that have access to these systems and whether their access rights are inline with their job role.
- FAB - There is a weakness where a system administrator responsible for issuing passwords could issue a password to themselves as an infrequent user in order to access FAB. Whilst infrequent user accounts become inactive after 3 months there is still a risk that should an individual wish unauthorised changes could be made.

### Planning - Accounts audit protocol

This important document explains our audit process with details of our audit team, audit approach and timetable. It also summarises the working papers and other evidence we require you to provide as part of the preparation of the financial statements. We issued this to Chris Blythe and discussed this as part of our final accounts planning meeting. We have tailored the document to reflect our requirements in respect of the specific accounting issues identified above.

### Control Evaluation - Accounts production process

We have reviewed your plans for preparing for your closedown and accounts preparation. You have incorporated a number of measures into your closedown plan to further improve the project management of this complex process.

We consider that your process for the preparation of your financial statements are good, this was reflected in the 2008 Use of Resources score of a level four.

## Financial statements (continued)

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### Control Evaluation - Controls over key financial systems

We work with internal audit to:

- update our understanding of key financial systems;
- confirm our understanding of these systems by completing walkthrough testing; and
- document, evaluate and test the control framework for these systems.

We rely on any relevant work internal audit have completed for 2008/09. For each of the key financial systems, they tested the high level controls that we would expect to be in place. High level controls are strong controls that should address the key risks. Examples are reconciliations or exception reports.

We assessed your high level control framework as satisfactory overall but noted some weaknesses in respect of the following individual financial system:

- Establishment Checklist: During our testing we found that establishment checklists are not being completed across the Council. A pilot was undertaken within the resources department of undertaking establishment checklists and managers found a relatively large number of adjustments were necessary to the payroll system.

We have not yet assessed the controls over fixed assets and financial reporting. Many of the high level controls in respect of these areas are operated during the closedown process and our testing will be supplemented by further work during our final accounts visit.

### Control Evaluation - Review of internal audit

The *Accounts and Audit Regulations 2003* require public bodies to maintain an adequate and effective system of internal audit of their accounting records and of their system of internal control. For principal local authorities, guidance is contained in the *Code of Practice for Internal Audit in Local Government* ('the Code'). The Code defines the way in which internal audit should be established and operated and applies equally to in-house audit teams and those provided by external contractors.

We did not identify any significant issues with their work and are pleased to report that we have again been able to place full reliance on internal audit's work on the key financial systems. We particularly noted improvements in terms of the adequacy of sample sizes used by internal audit.

There was, however, one area where some improvements could be made to further enhance the quality of internal audit's work and reduce the level of top up testing we are required to complete to satisfy our audit requirements, including:

- As part of our testing on Payroll if the establishment checklists are not in place we are required to look at the controls in place over the addition, amendment and deletion of staff from the payroll system. This year it was necessary for us to complete further top-up testing as the sample sizes used by internal audit were not sufficient for our purposes.



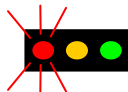
**Appendix A:  
Recommendations  
arising from 2008/09  
interim audit**

## Appendix A: Recommendations arising from 2008/09 interim audit

We have given each recommendation a risk rating (as explained below) and agreed what action management will need to take. We will follow up these recommendations next year.

### Priority rating for recommendation

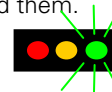
**Priority one:** issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.



**Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.




**Priority three:** issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.



No.	Risk	Issue and recommendation	Management response	Officer and due date
1		<p><b>Establishment Lists and Payroll Amendments.</b></p> <p>During our testing we found that establishment checklists are not being completed across the Council.</p> <p>A pilot was undertaken within the resources department of undertaking establishment checklists and managers found a relatively large number of adjustments were necessary to the payroll system.</p> <p>We have reviewed a sample of the adjustments that were necessary to the payroll system to ascertain the reasons for these. Based on the sample of our review the adjustments required did not affect the financial data within the payroll system.</p> <p>This pilot was only conducted within the resources directorate however, so there may be departments which are higher risk where they have high staff turnover.</p> <p>We would therefore recommend that the Council continue to utilise the high level control of establishment checklists to gain assurance over the data held within the payroll system.</p> <p>Whilst we understand that management are of the opinion that undertaking establishment checklists in the format undertaken within the pilot are an onerous administrative burden we understand that management are looking at alternative controls to address this.</p>	<p>Although there is currently no formal system for monitoring establishments straight from SAP there are a number of controls in place to ensure establishment lists are correct:</p> <ul style="list-style-type: none"> <li>• All schools undertake regular detailed establishment checks, monitored by Education Leeds.</li> <li>• Monthly budget monitoring of payroll costs including, in many instances, the use of a direct download from SAP.</li> <li>• Managers receive payslips which would indicate if officers had left the authority but had still been paid (only 3,307 officers have their payslip sent directly to their homes out of an establishment of some 33,000).</li> <li>• SAP Managers Desk Top facilities have been rolled out to 65 managers to enable officers to undertake their own establishment checks straight from SAP, rather than relying on check lists produced by BSC.</li> <li>• Acting up and honoraria checks in place, including end dates and extension confirmation requirements.</li> </ul> <p>In addition to the above the following actions are to be implemented:</p> <ul style="list-style-type: none"> <li>• Business case is being developed for the purchase of the SAP Managers Self Service module. This module will allow managers to access all establishment details.</li> <li>• Further roll out of another 40 of the current SAP Management Desk Top to high risk areas identified in Youth Services &amp; Early Years.</li> </ul>	<p>Chief Officer Business Support Centre And Head of Finance Corporate Financial Management</p> <p>MSS business case to be completed by Aug 2009. 83 further managers desk tops to be rolled out by July 2009. Review of budgetary controls on establishment lists to be completed by September 2009.</p>

## Appendix A: Recommendations arising from 2008/09 interim audit (continued)

No.	Risk	Issue and recommendation	Management response	Officer and due date
		•	<ul style="list-style-type: none"> <li>• BSC currently investigating alternative method of producing establishment lists using graphical structure charts made available via a secure area on the intranet, which will simplify the checking process for Managers and reduce the administrative burden.</li> <li>• HR officers in each Directorate have been charged with ensuring establishment lists are up to date.</li> <li>• Review of the budget monitoring arrangements to ensure appropriate checks are made on establishment lists.</li> </ul>	
2		<p><b>IT – General Ledger Controls</b></p> <p>There is no formal process in place for monitoring access to the General Ledger (FAB) and Academy. i.e. reviewing personnel that have access to these systems and whether their access rights are inline with their job role.</p> <p>There is a risk that the system administrators (eight staff who are based within central finance) who work with the General Ledger (FAB) also have the ability to amend their access permissions and thus bypass the controls enforced to segregate roles and responsibilities within the department.</p> <p>Without a formal process in place for monitoring access rights there is a risk that users may end up with inappropriate access right due to changes in their job role.</p> <p>We recommend for both issues that a monitoring process is implemented that covers all users including super users and system administrators to ensure that access levels are appropriate and the users are still required to have access to the system. This should be performed on a regular basis (at least quarterly). The monitoring should be formal and signed-off</p>	<p>Current controls (FAB):</p> <ul style="list-style-type: none"> <li>• A list of all leavers received via ICT and access removed by system controllers.</li> <li>• Access rights reviewed when officers move between directorates. System controllers can only give access rights within their own Directorates.</li> <li>• Chief Officers approve officers payment authorisation rights. Officers who can authorise payments cannot raise orders.</li> <li>• All transactions traceable to the users ID.</li> <li>• Responsibility of system controllers to ensure access rights are up to date. Responsibility covered in training given to all system controllers.</li> <li>• ICT and Financial Development have a small number of users who can amend anyone's rights but they cannot issue passwords.</li> </ul> <p>Only a limited number of staff within Corporate Financial Management can amend access rights, set up new users and amend passwords. As in any system someone must have the power to set passwords. The FMS module allowing this level of control is itself password protected. The password automatically expires after 40 days and is changed whenever the officers with these access rights move on.</p> <p>Agreed that the Principal Accountant (CFM) will monitor these high level access rights on a monthly basis. The monitoring will include the appropriateness of access rights and that regular password changes are undertaken.</p>	<p>Principal Accountant Corporate Financial Management.</p> <p>Due date: 1<sup>st</sup> quarter 2009/10.</p>

## Appendix A: Recommendations arising from 2008/09 interim audit (continued)

No.	Risk	Issue and recommendation	Management response	Officer and due date
2 (contd)			<p>Current controls (Academy):</p> <p>Each officer receiving access is reminded of the security protocols.</p> <p>There is an audit trail for all updates to the system.</p> <p>Unit managers revoke permissions for staff leaving the service. This is backed up by the Business Continuity Team.</p> <p>Officers requesting access outside the service are required to get agreement of their section head and provide a business case. Access outside the service is limited to view only.</p> <p>Anyone whose access hasn't been used for 3 months has their access revoked.</p> <p>Passwords automatically expire after 40 days.</p> <p>17 officers have permissions to change passwords. There is an audit trail which identifies who has updated the permissions or changed a password. In addition a systems event log is kept of all changes.</p> <p>Agreed that senior officers within the Business Continuity Unit will undertake random checks on password changes where the person has update access (rather than view only). The monitoring will also review whether the list of officers with powers to amend passwords is up to date. This monitoring will be completed on a monthly basis.</p>	<p>Officer: Executive Officer, Policy &amp; Finance, Leeds Benefits Service.</p> <p>Due date: 1st quarter 2009/10.</p>



**Appendix B:  
Follow up of prior  
year  
recommendations**



## Appendix B: Follow up of prior year recommendations

This appendix summarises the progress made to implement the recommendations identified in our previous reports.

Report	Number of recommendations that were:		
	Included in original report	Implemented in year or superseded	Remain outstanding (re-iterated below)
Interim Audit Report 2007/08	7	3	4
<b>Total</b>	<b>7</b>	<b>3</b>	<b>4</b>


No.	Risk	Issue and recommendation	Management response	Officer and due date	Status at 9 April 2009
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### Interim Audit Report 2007/08

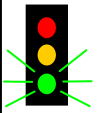
1		<p><b>Establishment Lists</b></p> <p>We have raised this issue in our 2006/07 interim report. During our work at the Council we identified that although establishment reports are produced there is no evidence that these reports are being reviewed.</p> <p>The Council are aware of this and have plans in place to ensure that this evidence will be in place in future years and there will be a central record of those departments which are complying with the need to review their establishment lists.</p> <p>Teachers payroll establishment reports are sent and returned on a monthly basis to evidence their review.</p>	A pilot is to be undertaken within the resources department relating to the production and review of paper based exception reports.	2008/09	<p>Not implemented</p> <p>A pilot was undertaken in 2008/09 for the production and review of paper based exception reports within the resources directorate.</p> <p>The pilot exercise undertaken highlighted that this was a large administrative burden and management are currently looking at alternative controls to address this.</p> <p>This is detailed in our report above.</p>
2		<p><b>Exception reports</b></p> <p>Currently the Council produce a comprehensive range of exception reports for the payroll system.</p> <p>Team leaders within payroll are required to review the exceptions listed on the report and show their agreement or otherwise by returning the report to payroll.</p> <p>We found that there is some inconsistency and returns are not always made to confirm that all action points raised by exception reports have been investigated and appropriate action taken.</p> <p>This is a control weakness we identified in our 2006/07 interim visit.</p>	Agreed	Immediate	<p>Implemented</p> <p>The high level signing off of these exception reports is now occurring.</p>




## Appendix B: Follow up of prior year recommendations (continued)

No.	Risk	Issue and recommendation	Management response	Officer and due date	Status at 9 April 2009
3		<p><b>Powersolve Debtors Reconciliation</b></p> <p>A sample of two of the above reconciliations were reviewed in detail during our interim visit. Through this review it was identified that there were items on the reconciliation marked as 'items under investigation'. As a result we reviewed all of the reconciliations performed, which was up to the end of February. Each reconciliation has a varying amount marked as this each month with the amounts being less than £1000. We understand that the description on the reconciliation is misleading as the balance represents timing differences between the reporting of the two systems, not unidentified differences. We also understand that individual transactions on each system are reconciled each month. We recommend that the council should review the reporting arrangements for the systems to investigate why the timing differences occur and how these can be eliminated.</p> <p>This is an issue we identified in both our 2005/06 &amp; 2006/07 interim audit visits.</p>	<p>The Council have undertaken an exercise to identify the causes of the small difference (£133.21) and have identified that this is a historical error going back to the earliest set of records that the Council have. It has therefore been agreed to write this off.</p>	March 2009	<p>Implemented</p> <p>This balance has been investigated by they Council and it has been written off.</p>

## Appendix B: Follow up of prior year recommendations (continued)

No.	Risk	Issue and recommendation	Management response	Officer and due date	Status at 9 April 2009
<b>IT interim report 2007/08</b>					
1		<p><b>IT Security Policy</b></p> <p>Although Leeds City Council has a detailed Information Security Policy staff are not required to read and understand the Information Security Manual when they join the organisation. There is no continuous Security Awareness program in place presently, though this is planned for implementation later this year in order to comply with some specific projects across the authority.</p> <p>The IT Security Policy should be formally distributed to all staff and locations. Internal audit department should ensure that all staff follow the procedures defined in the policy.</p> <p>The benefit will be that end-users should be aware of their roles and responsibilities with respect to access to programs and data, which includes an understanding of the risk of sharing passwords or downloading unauthorized programs or files (e.g. from the internet). Improvements in Information Security knowledge sharing will provide greater assurance that persons understand the risks associated with critical information.</p>	<p>As part of the Council's move to use Government Connect to access DWP services for benefits we are required to formalise the induction process for all new staff and have a refresher during the course of a person's employment.</p> <p>We are working with HR to ensure a common approach across the council to meet this requirement.</p> <p>The target is for this to be complete and embedded by Sept 2009. This date is a requirement for access to DWP services so it's not moving and we are confident that we'll hit it.</p>	<p>September 2009</p> <p>Adrian Fegan Head of ICT Service Delivery.</p>	<p>As per management response.</p>


## Appendix B: Follow up of prior year recommendations (continued)

No.	Risk	Issue and recommendation	Management response	Officer and due date	Status at 9 April 2009
2		<p><b>Physical Access</b></p> <p>We noted that the removal of proximity and magnetic stripe cards used for access to various Leeds CC sites and data server rooms is not properly controlled. Currently the removal of such cards is based on information provided by a line manager at the time an employee leaves the organisation. Auditing of access is not performed to regularly to ensure physical access is appropriately controlled for both full time employees and contractors.</p> <p>Absence of adequate physical access controls results in a high level of risk for Leeds City Council in the form of unauthorised access to the building and sensitive information. Critical IT equipment housed in the Datacentre could be damaged or stolen resulting in disruption of operations. Inadequately controlled access to the Datacentres exposes the systems to unauthorised access by users increasing the risk of wanton or accidental damage to the servers or other key IT equipment.</p> <p>We recommend that the Network Management Team (NMT) should always be informed by a line manager or HR should an employee or contractor leave the organisation. In addition, periodic reviews of physical access should be performed to ensure the access to facilities is appropriately controlled.</p> <p>The improvement in the above control will provide greater assurance that the Council is not susceptible to reputational damage or regulatory fines.</p>	<p>ICT has a controlled process in place to ensure access to data centres and other primary ICT sites is managed. All primary sites are now linked into a single system that requires a proximity card and pin to access.</p> <p>These cards are centrally controlled within ICT. Authorised staff lists are maintained by two methods. Firstly a monthly report from SAP is produced that includes all leavers from ICT.</p> <p>Secondly all leavers within ICT are reported from ICT admin staff on a weekly report to the access control team. The leaving process includes returning access cards, equipment, etc back into admin</p>	<p>2008/09</p> <p>Adrian Fegan Head of ICT Service Delivery.</p>	Implemented.

## Appendix B: Follow up of prior year recommendations (continued)

No.	Risk	Issue and recommendation	Management response	Officer and due date	Status at 9 April 2009
3		<p><b>Access to applications</b></p> <p>Users can access a number of applications and financial systems through the desktop. When a person leaves, HR inform ICT who then remove the desktop access.</p> <p>However user accounts to individual applications such as SAP, Academy and Powersolve are not always removed once a user ceases employment at the Council. We were informed that occasionally an email from a line manager informs SAP administrators that a user has left. A monthly report run on SAP identifies accounts which have not been used for 3 months. ICT team disable accounts which have not been used based on this output. It was noted that accounts are remaining active to facilitate new users who replace the original account owners.</p> <p>There is a risk that another person may use the accounts of persons leaving the organisation, if not deleted and disabled promptly, to gain access to the individual application exposing the council to risk of fraudulent unaccountable access.</p> <p>ICT should ensure that all application accounts (as well as desktop access) are deleted and disabled when either a permanent or temporary employee leaves the council. The system administrator should delete the ID promptly and not just disabled when the employee leaves.</p> <p>The improvement in the above control will provide greater assurance that the council is not susceptible to reputational damage or regulatory fines.</p>	<p>When a person leaves the Council a flag is set within SAP that flags an account for deletion. This process is automatic and accounts are disabled once notification is received by the ICT Account Management Team.</p> <p>The first action is to disable the persons Novell account. This account is the primary account for all staff and is required to access the network before any other services.</p> <p>The account is then deleted after 30 days. We choose to disable and delete this is to enable access back to corporate information that might have been stored in the individual's account. We are also working with primary application owners to flag accounts that should be retired. The process will be managed via our request management system, Remedy, to enable the process to be workflowed and tracked. This work is progressing through Q1 2009. A target completion date will be set in Q1</p>	<p>June 2009</p> <p>Adrian Fegan Head of ICT Service Delivery.</p>	<p>As per management response</p>

## Appendix B: Follow up of prior year recommendations (continued)

No.	Risk	Issue and recommendation	Management response	Officer and due date	Status at 9 April 2009
4		<p><b>Network level Access configuration</b></p> <p>We have noted that although SAP is used as the authoritative source of information for network level access administration and full time members of staff are removed from the network based on this information, temporary accounts are not administered this way.</p> <p>Temporary accounts (T-Accounts) are requested by line managers and are administered separately and bypass the controls enforced by using SAP. We understand requests have already been forwarded to the ICT team for account extensions from personnel acting as a previous user.</p> <p>The risk is that due to the number of T-Accounts and the lack of accountability and control over their creation and deletion there is a high risk of unauthorised access to the network. The situation arises where T-accounts are shared among temporary users to lessen the administration involved in setting up new accounts.</p> <p>We recommend that HR and ICT develop a procedure to keep track of the temporary staff and their use of T-accounts. In addition line managers should be reminded of their responsibilities to request and close t-accounts on a timely basis and separately for individual users.</p>	<p>Temporary accounts are not allowed under Government Connect and will be removed from use within the Council during 2009. It is worth noting that all T accounts are set for automatic expiry on creation.</p>	<p>December 2009 Adrian Fegan Head of ICT Service Delivery.</p>	<p>As per management response</p>



## Appendix C: Accounts risks

## Appendix C: Accounts risks

This appendix summarises the key accounting issues for the 2008/09 financial statements and the progress you have made to date to address these.

Issue	Risk and implications	Progress
<p><b>Compliance with the 2008 Statement of Recommended Practice on Local Authority Accounting the UK (SORP)</b></p> <p>The new SORP includes a number of changes, including prohibiting the revaluation of fixed assets on disposal and introducing the concept of 'revenue expenditure funded from capital under statute'.</p>	<p>There is a risk that the accounting for disposals has been treated incorrectly.</p>	<p>This is to be reviewed during the final audit visit.</p>
<p><b>Accounting estimates and valuations</b></p> <p>The current economic environment introduces a number of risks for the financial statements, in particular for estimates and valuations. This includes the valuation of fixed assets which are carried at market value (such as investment properties and surplus assets) and the assessment of recoverability of debts to determine appropriate provisions.</p>	<p>There is a risk that assets will be overvalued in the accounts and an adjustment is required having a detrimental effect on the net cost of services.</p>	<p>Information from the relevant systems has been obtained in order that the authority can make an accurate assessment of bad debt.</p> <p>In addition the valuer's and year end processes have been set up to identify any impairment issues,</p>
<p><b>Minimum Revenue Provision</b></p> <p>In the past all capital expenditure has been treated the same when calculating the Minimum Revenue Provision (MRP). The <i>Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008</i> now require authorities to make a 'prudent' provision.</p>	<p>There is a risk that MRP is miscalculated in the year.</p>	<p>The authority approved its MRP policy in February 2009 and will be basing the 2008/09 MRP on asset lives. This is more complex than the methodology adopted previously and requires accurate fixed asset information.</p>
<p><b>Reduction in Capital Receipts and Interest Rates</b></p> <p>Due to the recession and credit crunch Leeds City Council and other Local Authorities have experienced a reduction in the number and value of capital receipts which are used to fund the Council's capital program.</p> <p>In addition to this there has been a decrease in the interest rates which will affect the Council's lending and borrowing.</p>	<p>There is a risk that the level of capital receipts and interest is misreported and that the capital programme becomes unfeasible this could impact on cash flow, and treasury management arrangements</p>	<p>The Authority has scaled back the capital programme and put a number of schemes 'in reserve'. In addition the Authority have been looking at the process of assessing the financial viability of their key partners.</p>

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## Report of the Director of Resources

### Corporate Governance and Audit Committee

Date: 30th June 2009

Subject: The Statement of Accounts 2008/09

<b>Electoral Wards Affected:</b>
<input type="checkbox"/> Ward Members consulted (referred to in report)

<b>Specific Implications For:</b>
Equality and Diversity <input type="checkbox"/>
Community Cohesion <input type="checkbox"/>
Narrowing the Gap <input type="checkbox"/>

### 1.0 Purpose of the Report

1.1 The purpose of this report is to introduce the 2008/09 Statement of Accounts for Leeds City Council for approval. The Statement of Accounts is included with the agenda as a separate booklet for members of the Committee and is published on the Council's intranet site. Anyone else wishing to obtain a copy of the Statement of Accounts should contact the committee clerk named on the front of the agenda.

### 2.0 Background Information

2.1 The Accounts and Audit Regulations (Amended) 2006 require the annual accounts to be submitted for approval by the Council or a committee of the Council. There is also a requirement for the accounts to be signed and dated by the Chair of the Committee at which the approval was given. The terms of reference of the Corporate Governance and Audit Committee include dealing with matters relating to the accounts.

2.2 After approval by members, the Authority's accounts are to be made available for public inspection for 20 working days commencing 1st July 2009. The external audit of the approved accounts is due to commence on the 13<sup>th</sup> July 2009 and upon completion, the auditors will submit their report to this Committee which is scheduled to be at the end of September.

### 3.0 Main Issues

3.1 Members should note that the accounts include a foreword by the Director of Resources which provides further interpretation of the accounts. This report covers the main highlights from the accounts.

## 3.2 Financial Performance for the year

3.2.1 The following summary of the financial performance of the Council covers: the Council's overall performance; the performance of the subsidiary companies and the performance of statutory ring fenced accounts.

3.2.1.1 **Overall:** For 2008/09 the Council's Income and Expenditure Account (I&E a/c) shows a deficit for the year of £631.4m (£150.0m in 2007/08), this deficit is then adjusted to reflect any statutory overrides to accounting practice in order to produce a reported financial position which directly impacts on Council Tax payers. For 2008/09 the statutory overrides amounted to a credit to the I&E a/c of £630.6m, producing a final reported financial deficit for the Council of £0.8m (compared to a deficit of £6.1m in 2007/08). For further details on the impact of statutory overrides see para. 3.2.1.2 below.

The Council's approved budget for 2008/09 was £540.5m, this assumed a £5.4m deficit in the year, funded by a planned contribution from general reserves. The final reported outturn deficit of £0.8m therefore represents an underspend of £4.6m against the approved budgeted deficit of £5.4m. As reported to the Executive Board on the 17<sup>th</sup> June 2009, this reduction in the planned use of general reserves is mainly due to the following:

- Council's treasury management activities producing a reduction in the cost of debt and generating additional income on interest earned. This resulted in a saving to the Council of £5.9m.
- The Council received Local Business Growth Incentive (LABGI) income of £2m as its share of £100m withheld by the Government pending the outcome of legal challenges from 2007/08.
- Expenditure of £1.6m in respect of anti social behaviour and noise nuisance on Council estates was identified as being more appropriately charged to the Housing Revenue Account, resulting in a saving to the general fund of the same amount.
- A claim relating to the overpaid VAT within Sport and Culture, due to EU law not being properly implemented in the UK in the early 1990s, is expected to be upheld, giving a potential refund of £6.3m including interest payments. Although this case and the methodologies for calculating interest are still subject to HMRC taking an appeal to the High Court and agreeing the detail of the Council's claim.

These savings have been partly offset by the following:

- The 2008/09 pay award was agreed at 2.75% which resulted in additional costs to the general fund of £3.1m. The budget provided for a 2% increase.
- A shortfall in external income sources of £4.6m as a result of the economic recession. This primarily relates to City Development services including planning and building fees, rental income, markets income, surveyor and legal fees. In addition there has been a decline in the number of land searches.
- A shortfall in Section 278 income of £2m which reflected a number of schemes that have either stopped or slipped due to the current economic conditions. It is anticipated that a similar situation will occur in 2009/10.
- The Council's Insurance Provision has been increased by £1.3m reflecting a reassessment of all outstanding large claims.

As at the 31<sup>st</sup> March 2009 the General Fund Reserve was £16.8m. In view of the present uncertain economic circumstances and the unknown final outcome of the Council's VAT claim as set out above, it is appropriate that the Council maintains a higher level of reserves at this stage.

### 3.2.1.2 **Impact of the statutory overrides on the Council's Income & Expenditure Account (I&E a/c):**

As stated in para 3.2.1.1 above, the Council's Income & Expenditure account (I&E a/c) shows a deficit of £631.4m. The two main reasons for this reported deficit are as follows:

As in previous years, proper accounting practice requires the Council to make a depreciation charge to revenue for the use of fixed assets. This charge provides an indication as to the cost the Council will have to incur, through borrowing and repairs and maintenance budgets, in order to maintain the standard of our buildings and other assets. Under statute this revenue charge is reversed and replaced by a Minimum Revenue Provision (MRP). The MRP charge is the minimum amount which it is considered prudent to set aside to repay debt. The depreciation charge for 2008/09 was £148m (£133m in 2007/08), off set by £24m MRP (£24m in 2007/08).

Also under proper accounting practice, if there is any indication that an asset is either being used up, or its value is falling, faster than currently recognised by the rate of depreciation then an impairment charge is made. Normally such impairment charges reflect the reduction in the value of an asset from an incident such as a fire or due to demolition. However for 2008/09, due to the impact of the recession, all the Council's major assets have been reviewed for a possible fall in value. Many of the Council's specialist assets held by the General Fund are valued based on rebuild costs and as such their values still reflect the high cost of building materials. However the recession has had a significant impact on the value of some of the Council's assets, in particular the value of the Council's housing stock has fallen around 17%. As a consequence of this fall in value of the Council's housing stock, the I&E a/c (which includes the Housing Revenue Account) has been charged with £389m for impairment. Any future upward revaluation of these assets would result in a reversal of this entry and any potential loss would only be realised if the asset was sold. Consequently the Government introduced legislation which requires Local Authorities to reverse such impairment charges in the year they incur in order to prevent a disproportionate burden on current taxpayers.

Full details of all the statutory overrides impacting on the Council's I&E account are shown in the accompanying Statement of Accounts (see note 8.1 the Statement of Movement on the General Fund Balance).

3.2.2 **Schools:** The outturn on the Individual Schools' Budget for the year was £1.4m lower than estimated. This unspent budget has been transferred to school reserves leaving available balances at 31st March 2009 of £13.8m. Net borrowing and repayment from the reserve for VER (£2.7m) and Building Schools for the Future / PFI (£3.7m) reduces these reserves to £7.4m on the balance sheet (£6.9m 2007/08). In addition schools also have extended school reserves of £3.9m (up from £2.5m in 2007/08). Extended school activity is an initiative to make greater use of school facilities to provide wider community access and provide extended services such as quality childcare, study support activities and parenting support. Such activities are expected to broadly break-even in the medium term and any net surplus or deficit is carried forward to the following financial year.

3.2.3 **Housing Revenue Account (HRA):** The HRA Income & Expenditure account shows a deficit for the year of £422m. The main reason for this deficit is the impact of fall property prices on the Council's housing stock (see para 3.2.1.2 above). After

taking account of statutory overrides, the final position on this account amounted to a deficit of £6.5m. The main reasons for the deficit position is due to the use of £11.5m of revenue funding to cover the cost of capital expenditure. This £11.5m is mainly made up of two significant revenue contributions, both of which are funded by the use of earmarked reserves. The first of these contribution (£3.9m) was towards the Decency capital programme and was paid for by a contribution from the Decency reserve. The second revenue contribution (£5.5m) was to address a shortfall in capital funding primarily due to the impact of the economic downturn on capital receipts. The £5.5m was borrowed from the Swarcliffe PFI reserve and will be reimbursed when the capital receipts are realised.

After taking account of the £11.5m of revenue contributions to fund capital, the in year surplus on the HRA was £5.0m. This surplus includes a £1.3m variation on Swarcliffe PFI payments to be carried forward to the Swarcliffe PFI reserve. The remaining £3.7m surplus has been allocated to specific reserves as agreed by Executive Board on the 17<sup>th</sup> June 2009.

Overall the HRA reserves stand at £16.5m as at 31<sup>st</sup> March 2009 (£23.0m as at 31<sup>st</sup> March 2008). £3.7m of this sum represents the HRA general reserve; this is deemed to be a prudent level based on the Council's risk based reserves strategy. Full details of the all the HRA reserves are shown in the Statement of Accounts.

- 3.2.4 **Arms Length Management Organisations (ALMOs):** Collectively the three ALMOs showed a deficit position for 2008/09 of £3.9m (£14.1m surplus in 2007/08). The main reason for this deficit is due to a £3.9m contribution to capital by Aire Valley Homes Ltd. to cover the in year capital overspend. After taking account of this revenue contribution to capital the three ALMOs showed a collective break even position for the year. The detailed performance figures for each individual ALMO are available in the Statement of Accounts under the Group Accounts section. This overall in-year deficit £3.9m leaves the ALMOs reserves at £24.7m as at 31<sup>st</sup> March 2009 (£28.6m in 2007/08). Included in this figure is £12.4m in respect of FRS17 pensions (£11.8m in 2007/08) giving a general reserve position of £12.3m (£16.8m in 2007/08).
- 3.2.5 **Education Leeds:** This Council subsidiary made a made a net operating deficit for 2008/09 of £0.05m (£0.2m surplus in 2007/08). Therefore the balance on the company's general reserves remains relatively unchanged at £3.1m. In addition to the operating position reported above, the Education Leeds FRS17 liability brought forward from 2007/08 of £23.4m has decreased to £22.1m. The main reasons for this increase in liabilities are primarily the same as for the Council (see para. 3.3.6 below).
- 3.2.6 **Collection Fund:** The Collection Fund for 2008/09 generated a surplus of £0.5m (£0.9m in 2007/08), producing a Collection Fund reserve of £0.8m as at 31<sup>st</sup> March 2009 (£0.3m at 31<sup>st</sup> March 2008). The balance on the Collection Fund reserve is one of the factors taken into account when calculating the council tax for the following year.

### 3.3 Key Financial Issues on the Balance Sheet

- 3.3.1 Capital expenditure for the year was £315.7m, £35.8m less than the latest approved estimate. This £315.7m of capital expenditure increases the carrying value of the Council's long term assets on the Balance Sheet.  
The external funding of the capital programme comes from a number of income sources, primarily Government and private sector funding (£167.6m) and external borrowing (£117.4m). The remaining funding is generated from capital receipts from the sale of assets (£15.1m) and revenue contributions (£15.6m).
- 3.3.2 Overall debt stands at £1,434m (£1,415m in 2007/08), made up of long term borrowing £1,287m (£1,400m in 2007/08) and borrowing repayable on demand or within one year of £147m (£15m in 2007/08).  
The level of overall debt has only increased by £19m from 2007/08, primarily due to the fact that most of the 2008/09 capital funding requirements were borrowed at favourable rates in 2007/08 and lent out to other organisations. As this borrowing in advance of £95m is used to fund capital expenditure in 2008/09 there is a corresponding fall in short term investments as the money is called back from external organisations.  
The reduction in long term borrowing reflects the treasury management decision to repay long term debt and take out short term debt in order to take advantage of better short term interest rates.  
Full details of the Council's Treasury Management activities for the year will be available in the Treasury Management report to Executive Board on the 22<sup>nd</sup> July 2009.
- 3.3.3 The Authority's current creditors have decreased by £14.1m. Within this reduction to overall creditor levels there have been a number of significant movements. There was an increase in education capital grants received of £13.8m; these grants are recognised as receipts in advance until they can be applied to completed schemes. This increase in creditors was more than offset by the following:
- A £5.8m reduction in other grants received in advance mainly: General Sure Start grant and Housing Benefit subsidy.
  - A £2.8m reduction in the fourth quarter payment due to the DCLG in respect of Council House right to buy receipts.
  - In March 2008 the NHS trusts paid £5.4m in advance, in respect of their NNDR for 2008/09. For 2009/10 the trusts are no longer paying in advance and so there is no corresponding accrual as at 31<sup>st</sup> March 2009.
  - A decrease of £12.5m in the numerous small sundry creditors outstanding at year end.
- 3.3.4 The Authority's current debtors have decreased by £7.5m. Significant movements include:
- 2007/08 debtors included an accrual of £6.1m for the final payment from the Local Authority Business Growth Initiative scheme.
  - £2.7m increase in the bad debt provisions reflecting a fall in collection rates due to the recession.
  - The £6.3m debtor for overpaid VAT claim was offset by a year on year reduction in the value of the Council's outstanding year end VAT claim.
- 3.3.5 The overall level of provisions has fallen by £13.6m, mainly due to payments made against provisions in respect of job evaluation and the cost of settling equal pay claims.

3.3.6 Members should note that the Council's balance sheet does recognise a reserve for the estimated net pensions liability. As at the 31st March 2009 the net pensions liability under FRS 17 stood at £715m, a decrease in the net liability of £52m from last year. There are a number of significant factors which have contributed to this decrease:

- The recognition of an additional £10m of pensions liabilities charged to revenue accounts, over and above the actual contribution to the pension fund.
- The future pension liabilities held on the balance sheet are discounted back to current prices. Every year these pension liabilities become one year closer to being paid and the accounts therefore reflect the unraveling of one more year of this discount. Consequently the level of pension liabilities rises each year and for 2008/09 this increase amounted to £143m.
- The value of the council's pension fund assets have fallen by £310m mainly due to the poor performance of the stock markets over the last year.
- A £515m decrease in the estimated pensions liabilities primarily due to a reduction in the assumed discount rate used to calculate the current value, reflecting rising returns on corporate bonds and lower projected inflation.

The overall deficit on the fund represents the difference between the value of the Authority's pension fund assets at 31st March 2009 and the estimated present value of the future pension payments to which it was committed at that date. These pensions liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities was considered by the actuaries in their full actuarial review of the Pension Fund, carried out as at 31st March 2007. This concluded that the Pension fund was 90% funded, and set contribution rates for the next three years which are designed to move the fund towards a fully funded position.

3.3.7 Earmarked reserves now stand at £29.1m, a decrease of £24.6m from 2007/08. The primary reason for this decrease is the planned use of the Housing Major Repairs Reserve (£26m) to fund the housing decency programme in 2008/09.

### **3.4 Changes to Accounting Practice**

3.4.1 The accounting practice governing Local Authority accounts has undergone significant changes over the last few years with the aim of harmonising the accounting requirements of the public sector with those of the private sector. The success of this harmonisation programme means that the Council and its auditors will be required to sign off the 2009/10 accounts as a "true and fair view" rather than "presents fairly". The "true and fair view" opinion is seen by many, in particular the private sector, as a higher level of accounting compliance.

For the 2008/09 accounts there have been relatively few changes to accounting practice compared to previous years. Most of these changes are of a minor technical nature or are purely presentational. However, one change for the 2008/09 accounts does have potential implications to the Council's reported financial position. Previously, up until the accounts are approved at this Committee, any material post balance sheet events could require the accounts to be amended. For example, if the courts decide in April that we are liable for a significant insurance liability for which we had not provided for in the accounts, we would be required to charge the additional costs back into the old year accounts. Such adjustments are normally already made in the accounts reported to Executive Board and approved by this Committee. The change to this practice is that this process will now continue until the accounts are audited and published on the 30<sup>th</sup> September. Consequently

if there are any material post balance sheet events between this Committee's approval and the final audited accounts then they will be reported back to this Committee in September. In addition, at the earliest opportunity, a report will be made to the Executive Board informing them of any material changes to the Council's financial position. Such changes are not classified as errors by external audit but recognised as appropriate adjustments required to the accounts.

- 3.4.3 As reported to members of this Committee on the 23<sup>rd</sup> April 2008, the 2007 Budget announcement stated that all Government bodies will be required to adopt International Financial Reporting Standards (IFRS). The timetable for Local Authority convergence with IFRSs has now been agreed with early adoption of PFI accounting being introduced for 2009/10 and a full IFRS compliant set of accounts being introduced for 2010/11. An update report on any financial impact or implementation issues in respect of IFRSs will be brought to this Committee later in the year.

#### **4.0 Audit Issues**

- 4.1 As stated in paragraph 2.2 above, any relevant matters arising from the audit of the accounts are reported back to this Committee in September. In respect of the audit of the accounts in 2007/08, KPMG informed members of just two areas of concern, namely that; appropriate actions and monitoring is undertaken on school deficits and that improvements are made to the methodology used to calculate bad debt provisions for the HRA rents and the Collection Fund.

- 4.2 In respect of the arrangements for dealing with schools in deficit, KPMG highlighted the fact that of the schools in deficit; one did not have an agreed action plan; one was also subject to special measures and one had applied to become an Academy. For 2008/09 all schools in deficit have an agreed action plan to address the situation and there are no schools in deficit which are subject to special measures. In respect of Academy schools, there are now two who are to become Academies in September 2009. These two schools have a combined reported deficit of £1.7m as at the 31<sup>st</sup> March 2009. All deficits in respect of schools transferring to Academy status do fall to be met from the Dedicated Schools Grant.

- 4.3 In respect of the bad debt provisions, the data on debt collection rates has been improved and adopted in the methodologies used to calculate the relevant provisions.

#### **5.0 Implications for Council Policy and Governance**

- 5.1 The Statement of Accounts is an audited publication which provides all stakeholders with the confidence that public money has been properly accounted for and that the financial standing of the Council is on a secure basis.

- 5.2 As required by the Accounts and Audit Regulations 2006, the accounts are to be made available for public inspection for twenty working days. Local electors and taxpayers have the right to look through the accounts and supporting documentation. They also have the right to object to the accounts and question the auditors.

## **6.0 Legal and Resource Implications**

- 6.1 The Accounts are required to be approved by the Council or committee of the Council before the end of June. This is a factual report of the Director of Resources on the financial accounts of the Council for 2008/09. There are no additional legal or financial implications.

## **7.0 Recommendations**

- 7.1 Members are asked to approve the 2008/09 Statement of Accounts and the Chair to acknowledge the approval on behalf of the Committee by signing the appropriate section within the Statement of Responsibilities on page 1 of the accounts.

### Background Documents

KPMG ISA 260 Report 2007/08

The Code of Practice on Local Authority Accounting in the United Kingdom 2008

Executive Board report (17<sup>th</sup> June 2009): Financial Performance – Outturn 2008/09





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**Report of the Director of Resources**

**Corporate Governance and Audit Committee**

**Date: 30<sup>th</sup> June 2009**

**Subject: External Audit and Inspection Plan 2009/10**

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**Electoral Wards Affected:**



Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

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**1.0 Purpose Of This Report**

1.0 To inform Members of the External Audit and Inspection Plan for 2009/10.

**2.0 Main Issues**

2.0 Attached to this report are two letters, one from the Audit Commission setting out the inspection activity and the fee and one from KPMG setting out the plan of audit work and the fee.

2.1 Both plans are based on a risk based approach to inspection and audit planning. The audit plan identifies the work that KPMG considers is necessary to satisfy their responsibilities set out in the Code of Audit Practice.

**3.0 Implications For Council Policy And Governance**

3.1 The Terms of Reference for the Corporate Governance and Audit Committee state that the Committee is authorised to discharge the following functions:

- To consider the Council's arrangements relating to external audit requirements including:
  - agreement and review of the nature and scope of the annual audit plan.
  - the receipt of external audit reports so as to inform the operation of the Council's current or future audit arrangements and provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

3.2 Members are asked to review and agree the nature and scope of the proposed audit and inspection plan.

#### **4.0 Legal And Resource Implications**

4.1 There are no specific resource implications arising from this report.

#### **5.0 Recommendations**

5.1 Members are asked to agree the Audit and Inspection Plan for 2009/10.

#### Background Documents:

Corporate Governance and Audit Committee Terms of Reference

27 April 2009

**Paul Rogerson**  
 Chief Executive  
 Leeds City Council  
 Leeds Civic Hall  
 Calverley Street  
 Leeds LS1 1UR

**Tel:** 0844 798 7161

Dear Paul

### Annual inspection fee 2009/10

Further to discussions with Dave Page, I am writing to confirm the assessment and inspection work that we propose to undertake for the 2009/10 financial year at Leeds City Council. The inspection fee:

- is based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment (CAA) framework and associated guidance; and
- reflects only the Audit Commission's inspection work, excluding any audit fees. Adrian Lythgo will be writing to you separately on fees for audit work.

CAA will deliver a more proportionate and risk based approach to inspection, targeting only high risk services and outcomes for inspection where alternative improvement activity is not appropriate. The inspection plan will be reviewed and updated as necessary.

The total indicative fee for inspection for 2009/10 is £136,480 and is shown in the table below. The inspection fee has been set in accordance with the Audit Commission's work programme and scales of fees 2009/10. The standard fees and days for the ALMO re-inspections have been reduced to take into account our recent knowledge of the ALMOs and our intention, where possible, to maintain continuity in the inspection teams.

#### Assessment and inspection work plan and fee

Assessment / inspection activity	Planned fee for 2009/10
Area assessment of local partnership	n/a (CLG grant funded)
Managing performance theme of organisational assessment	£16,630
ALMO re-inspections - Leeds WNW, Leeds ENE	£119,850
<b>Total inspection fee</b>	<b>£136,480</b>

If I need to make any significant amendments to the inspection plan and fee during the course of the year, I will first discuss this with you and then confirm in writing outlining the reasons for the change, including the proposed scope for the work.

The above fee excludes any work you requested and the Commission has agreed to undertake using its advice and assistance powers.

If you have any questions regarding this letter, please contact me in the first instance. Alternatively you may wish to contact the Head of Operations for the North East, Yorkshire and the Humber, Dave Allsop [d-allsop@audit-commission.gov.uk](mailto:d-allsop@audit-commission.gov.uk)

Yours sincerely,

**Stephen Gregg**  
**Comprehensive Area Assessment Lead**

cc Dave Page, Deputy Chief Executive

Adrian Lythgo, Jillian Burrows KPMG

**KPMG LLP**  
**Audit**  
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Alan Gay  
Director of Resources  
Leeds City Council  
Civic Hall  
Calverley Street  
Leeds  
LS1 1UR

Our ref Jb/016/

30 April 2009

Dear Alan

### **Annual audit fee 2009/10**

I am writing to confirm the audit work and fee that we propose for the 2009/10 financial year at Leeds City Council. The Audit Commission now requires that we produce this letter style audit strategy, in place of the more detailed audit and inspection plans that have been produced in previous years. Our proposals:

- are based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflect only the audit element of our work, and exclude any inspection and assessment fees which will be charged separately by the Audit Commission. Your Comprehensive Area Assessment Lead will be writing to you separately on these fees on behalf of the other inspectorates.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

The proposed indicative fee for the audit for 2009/10 is £504,000 (plus VAT). This compares to the planned fee of £504,000 for 2008/09, a summary of this is shown in the table below.

<b>Audit area</b>	<b>Planned fee 2009/10</b>	<b>Planned fee 2008/09</b>
Financial statements	265,000	265,000
Use of Resources/VFM Conclusion [including risk based work]	236,000	236,000
Whole of Government Accounts	3,000	3,000
<b>Total audit fee</b>	<b>504,000</b>	<b>504,000</b>

I have not included an estimated fee for the certification of grant claims and returns at this stage. I will write to you separately and provide an estimate of the fee when I have a better understanding of the likely scale of this work.

The indicative fee is based on a number of assumptions, which I have summarised in Appendix 1 to this letter. The Audit Commission has published its work programme and scales of fees 2009/10 and the scale fee for Leeds City Council £620,348. The fee proposed for 2009/10 is 18.7% below the scale fee which is within the tolerances accepted by the Audit Commission.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Corporate Governance and Audit Committee, outlining the reasons why the fee needs to change.

Our use of resources assessments will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. Our work on use of resources informs our 2009/10 value for money conclusion. However, I have identified a number of significant risks in relation to my value for money conclusion. For each risk, I will consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly. My initial risk assessment for value for money audit work is shown in the following table.

<b>Risk</b>	<b>Planned work</b>	<b>Timing of work</b>
<p>Responding to the recession:                      The Council’s strategic plans (Corporate, MTFS etc) were prepared prior to the extent of the current recession being clear.</p>	<p>In order to reach our VFM conclusion we believe we need to assess the extent to which these plans plus revisions are fit for purpose. We will build on our previous assessments with respect to Easel, Waste and BSF but will add consideration to the coherence of the overall planning framework. Our consideration will include the extent and contribution of partners to ensuring that plans remain relevant and effective.</p>	<p>May 2009 – March 2010</p>
<p>Sustainability</p>	<p>We will review the Council’s arrangements in respect of how it has approached the sustainability agenda. We will undertake a baseline assessment to not only gauge your position to date, but also to make suggestions for improvement and compare other best known practice. In addition we will provide you with assurance, as well as emerging practice, skills transference and ideas, on appropriate carbon footprint measurement and reporting. In addition we will assess your readiness to meet the requirements of the Carbon Reduction Commitment (CRC).</p>	<p>May 2009 – March 2010</p>

I will issue separate project specifications for these two pieces of work and agree these with relevant officers before beginning the work.

I expect to issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 2.

The above fee excludes any additional work we may agree to undertake at the request of the Leeds City Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

The key members of our audit team for the 2009/10 audit are:

<b>Name</b>	<b>Role</b>	<b>Contact details</b>
Adrian Lythgo	Engagement lead	adrian.lythgo@kpmg.co.uk 0113 231 3054
Jillian Burrows	Senior Manager	jillian.burrows@kpmg.co.uk 0113 231 3148
Alison Ormston	Manager	alison.ormston@kpmg.co.uk 0113 231 3444

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact KPMG's national contact partner for Audit Commission work, Trevor Rees (trevor.rees@kpmg.co.uk).

If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet '*Something to Complain About*', which is available from the Commission's website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)) or on request.

Yours sincerely

Adrian Lythgo  
Engagement Lead

cc: Dave Page, Deputy Chief Executive  
Tim Pouncey, Chief Officer (Audit and Risk)



### **Appendix 1 – Audit fee assumptions**

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2008/09;
- you will inform us of significant developments impacting on our audit;
- internal audit meets the appropriate professional standards;
- internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
- you will identify and implement any changes required under the CIPFA SORP within your 2009/10 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports; and
- additional work will not be required to address questions or objections raised by local government electors.

Where these assumptions are not met, we will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the opinion audit plan.

Changes to the plan will be agreed with you. These may be required if:

- new residual audit risks emerge;
- additional work is required by the Audit Commission, KPMG or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

## Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Corporate Governance and Audit Committee.

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	May 2009
Interim audit report	May 2010
Report to those charged with governance (ISA260 report)	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of resources report	September 2010
Annual audit letter	December 2010



Originator: L Ford

Tel: 51712

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**Report of the Assistant Chief Executive (Corporate Governance)**

**Corporate Governance and Audit Committee**

**Date: 30<sup>th</sup> June 2009**

**Subject: Work Programme 2009/10**

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**Electoral Wards Affected:**

Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

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**1.0 Purpose Of This Report**

1.1 The purpose of this report is to notify members of the Committee of the draft work programme for the current municipal year. The draft work programme is attached at Appendix 1 to this report, and the proposed seminar programme is attached at Appendix 2.

**2.0 Background Information**

2.1 The work programme provides information about future items for the Corporate Governance and Audit Committee agenda, when items will be presented and the which officer will be responsible for the item.

**3.0 Main Issues**

3.1 The draft work programme for 2009/10 is attached at Appendix 1.

3.2 Members are requested to consider whether they wish to add any items to the work programme.

**4.0 Implications For Council Policy And Governance**

4.1 There are no implications for Council Policy and Governance.

**5.0 Legal And Resource Implications**

5.1 There are no legal or resource implications.

**6.0 Recommendations**

6.1 Members are asked to note the draft work programme and advise officers of any additional items they wish to add.

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE  
WORK PROGRAMME 2009/10**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
<b>29<sup>th</sup> July 2009</b>		
Value for Money Arrangements	To receive a report regarding the Council's Value for Money arrangements.	Chief Officer (Financial Management) Doug Meeson
ALMO Inspection Reports – Action Plans	To receive a report informing Members of the actions arising from the recent ALMO inspection reports.	Head of Housing Delivery and Governance John Statham
Governance Arrangements of Belle Isle Tenant Management Organisation	To receive a report informing Members of the governance arrangements of Belle Isle Tenant Management Organisation.	Head of Housing Delivery and Governance John Statham
Annual Internal Audit Report	To receive a report detailing the work of the internal audit section during 2008/09 and the key findings from the audits that have been undertaken.	Chief Officer (Audit and Risk) Tim Pouncey
<b>30<sup>th</sup> September 2009</b>		
Audited Statement of Accounts	To receive a report detailing any issues with the audited accounts.	Chief Officer (Financial Management) Doug Meeson
Local Government Ombudsman's Annual Letter	To receive the annual letter from the Local Government Ombudsman.	Corporate Customer Relations Manager Wendy Bowes

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE  
WORK PROGRAMME 2009/10**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
Corporate Risk Register	To receive a report asking Members to consider whether the Corporate Risk Register should be publicly available.	Chief Officer (Audit and Risk) Tim Pouncey
Leeds City Region – Governance Arrangements	To receive a report outlining the governance arrangements of the Leeds City Region, and governance implications in light of the inclusion of Leeds as a pilot project in the government's sub-regional devolution strategy.	Assistant Chief Executive (Planning, Policy and Improvement) James Rogers
<b>12<sup>th</sup> November 2009</b>		
6 Monthly Update Report on Risk Management	To receive a report updating Members on the Council's risk management arrangements	Chief Officer (Audit and Risk) Tim Pouncey
Corporate Governance Statement Action Plan	To receive a report detailing progress made against actions in the Corporate Governance Statement Action Plan	Head of Governance Services Andy Hodson
<b>15<sup>th</sup> December 2009</b>		
Comprehensive Area Assessment	To receive a report informing the Committee of the outcome of the Comprehensive Area Assessment.	Assistant Chief Executive (Planning, Policy and Improvement) James Rogers
<b>13<sup>th</sup> January 2010</b>		
Half Year Internal Audit Report 2009/10	To receive a report detailing the work of the internal audit section to date.	Head of Internal Audit Neil Hunter

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE  
WORK PROGRAMME 2009/10**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
Standards Committee Update Report	To receive a report summarising the activities of the Standards Committee over the last 6 months	Head of Governance Services Andy Hodson
<b>10<sup>th</sup> February 2010</b>		
<b>17<sup>th</sup> March 2010</b>		
Information Security – Annual Report	To receive an annual report on the Council’s Information Security arrangements.	Chief Officer (Business Transformation) Lee Hemsworth
<b>14<sup>th</sup> April 2010</b>		
Annual Audit and Inspection Letter	To receive a report presenting the Annual Audit and Inspection Letter 2008/09.	Chief Officer (Audit and Risk) Tim Pouncey
Consultation on External Audit and Inspection Plan 2010/11	To receive a report consulting Members on the content of the External Audit and Inspection Plan 2010/11.	Chief Officer (Audit and Risk) Tim Pouncey
Corporate Governance Statement Action Plan	To receive a report detailing progress made against actions in the Corporate Governance Statement Action Plan.	Head of Governance Services Andy Hodson
Corporate Governance and Audit Committee Annual Report 2009/10	To receive a report presenting the draft Corporate Governance and Audit Committee Annual Report 2009/10.	Head of Governance Services Andy Hodson

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE  
WORK PROGRAMME 2009/10**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
Phantom Tenancies	To receive a report regarding the occurrence and monitoring of phantom tenancies in the last 12 months.	Head of Housing Delivery and Governance John Statham
<b>12<sup>th</sup> May 2010</b>		
Annual Report on Risk Management	To receive a report regarding the Council's risk management arrangements.	Chief Officer (Audit and Risk) Tim Pouncey
Annual Report on Delivering Successful Change	To receive a report presenting the annual report on Delivering Successful Change.	Chief Officer (Audit and Risk) Tim Pouncey
Annual Report on Community Engagement	To receive a report presenting the annual report on Community Engagement.	Assistant Chief Executive (Planning, Policy and Improvement) James Rogers
Annual Monitoring of Key and Major Decisions	To receive a report presenting the outcome of the monitoring process relating to Key and Major decisions.	Head of Governance Services Andy Hodson
<b>Unscheduled Items / Items for 2010/11</b>		
Section 106 and Section 278 Agreements – Update	To receive a report which updates Members on the actions being taken to ensure the transparent monitoring of Section 106 and Section 278 agreements.	Chief Officer (Planning Services)
International Financial Reporting Standards – Update	To receive a report providing an update on the progress being made in relation to the Council using International Financial Reporting Standards as part of its procedures.	Chief Officer (Financial Management)  Head of Accountancy (Control)



**CORPORATE GOVERNANCE AND AUDIT COMMITTEE  
WORK PROGRAMME 2009/10**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
Governance arrangements for arms length management organisations	To receive a report regarding the management / governance arrangements in place to manage the Council's relationship with its other arms length management organisations.	Assistant Chief Executive (Corporate Governance)
ALMO Re-inspection Reports	To receive a report informing Members of the outcomes of the re-inspections of East North East Homes Leeds and West North West Homes Leeds.	Head of Housing Delivery and Governance John Statham
Protocol for the Co-ordination of External Audit and Inspection Reports	To receive a report consulting Members on proposed amendments to the Protocol for the Co-ordination of External Audit and Inspection Reports.	Head of Governance Services Andy Hodson
Governance of Significant Partnerships - Update	To receive a report setting out the extent to which the Council's significant partnerships comply with the minimum requirements set out in the Framework.	Head of Governance Services Andy Hodson
Review of the Effectiveness of the Corporate Governance and Audit Committee	To receive a report reviewing the effectiveness of the Committee.	Head of Governance Services Andy Hodson Chief Officer (Audit and Risk) Tim Pouncey
Children's Trusts – Governance Arrangements	To receive a report regarding the governance arrangements of Children's Trusts, including the involvement of Members, in light of the new guidance from the Department for Children, Schools and Families.	Director of Children's Services Rosemary Archer

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE  
WORK PROGRAMME 2009/10**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
Children's Services Performance Measurement	To receive a report outlining a consistent process by which Children's Services can measure its own performance, including a 'traffic light' system.	Director of Children's Services Rosemary Archer

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE  
SEMINAR PROGRAMME 2009/2010**

<b>PROPOSED CORPORATE GOVERNANCE AND AUDIT SEMINAR PROGRAMME</b> (it is proposed that these sessions follow the conclusion of the Committee's scheduled formal business)		
<b>30<sup>th</sup> September 2009</b>		
Risk Management Training	To receive training on the Council's risk management arrangements.	<u>Facilitators:</u> Principal Risk Management Officer Coral Main
<b>Unscheduled pending the outcome of CIPFA's review of guidance on effective Audit Committees</b>		
Review of the Effectiveness of the Corporate Governance and Audit Committee	To review the effectiveness of the Corporate Governance and Audit Committee.	<u>Facilitators:</u> Chief Officer (Audit and Risk) Tim Pouncey Head of Governance Services Andy Hodson

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