



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Meeting to be held in Civic Hall, Leeds on
Monday, 15th November, 2010
at 10.00 am**

MEMBERSHIP

Councillors

G Driver (Chair)	C Campbell	P Harrand	J Elliott
P Grahame	G Kirkland	W Hyde	
N Taggart	S Smith		
A Lowe			
J Lewis			
T Hanley			

Co-opted Member

Gordon Tollefson
(Chair of Standards Committee)

A G E N D A

Item No	Ward	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</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>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</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>RESOLVED – 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>LATE ITEMS</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>DECLARATION OF INTERESTS</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>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
6			<p>MINUTES OF THE PREVIOUS MEETING</p> <p>To confirm as a correct record the minutes held on 29th September 2010.</p>	1 - 4
7			<p>GOVERNMENT SPENDING REVIEW</p> <p>To receive a report of the Director Of Resources providing information on the implications of the Government's spending review which was announced on 20th October 2010.</p>	5 - 16
8			<p>DUPLICATE CREDITOR PAYMENTS</p> <p>To receive a report of the Director of Resources providing assurance on the robustness of internal controls in operation to prevent duplicate payments in accordance with the terms of reference of the Corporate Governance and Audit Committee.</p>	17 - 22

Item No	Ward	Item Not Open		Page No
9			<p>REVIEW OF GOVERNANCE FRAMEWORK FOR SIGNIFICANT PARTNERSHIPS</p> <p>To receive a report of the Assistant Chief Executive (Corporate Governance) presenting the outcome of the review The Governance Framework for Significant Partnerships in light of the abolition of Comprehensive Area Assessment (CAA) and current resource constraints, and the subsequent amendments which have been made to the Framework and the monitoring process.</p>	23 - 28
10			<p>JUDICIAL REVIEW LESSONS LEARNED</p> <p>To receive a report of the Assistant Chief Executive (Corporate Governance) informing Members about the outcome of the case <u>Technoprint Plc and Snee V Leeds City Council</u>, a judicial review of a planning decision. The report focusses on the implications for the Council's governance arrangements, and identifies improvements which have or should be made, to current practices.</p>	29 - 44
11			<p>THE CORPORATE GOVERNANCE STATEMENT ACTION PLAN</p> <p>To receive a report of the Assistant Chief Executive (Corporate Governance) updating the Committee on the progress that has been made in implementing the 2010/11 Corporate Governance Statement Action Plan.</p>	45 - 68
12			<p>WORK PROGRAMME</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 remainder of the 2010/11 municipal year.</p>	69 - 76

Agenda Item 6

Corporate Governance and Audit Committee

Wednesday, 29th September, 2010

PRESENT: Councillor G Driver in the Chair
Councillors P Grahame, N Taggart,
C Campbell, G Kirkland, A Lowe, , S Smith,
J Elliott, P Harrand, W Hyde and B Selby
(as substitute for T Hanley)

Co-optee G Tollefson

Apologies Councillors J Lewis and T Hanley

41 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

42 Exempt Information - Possible Exclusion of the Press and Public

There were no resolutions to exclude the public.

43 Late Items

There were no late items submitted to the agenda for consideration.

44 Declaration of Interests

Councillor Driver declared a personal interest in Agenda item 8 (Minute 48) and Agenda item 10 (Minute 50) as a Member of Aire Valley Homes ALMO.

Councillor Lowe declared a personal interest in Agenda item 8 (Minute 48) and Agenda item 10 (Minute 50) as a Member of West North West Homes ALMO.

45 Apologies for Absence

Apologies were received from Councillor T Hanley and Councillor J Lewis.

46 Minutes of the Previous Meeting.

RESOLVED - The minutes of the Corporate Governance and Audit Committee meeting held on 29th July 2010 be approved as a correct record.

47 Audited Statement of Accounts and the Value for Money Assessment 2009/10

The Chief Officer (Financial Management) presented a report of the Director of Resources which followed on from the Committee's approval of the Council's 2009/10 accounts, subject to external audit review, at the meeting held on 23rd June 2010. This report required the approval of the Council's final audited Statement of Accounts and consideration of any material amendments by the external auditors.

Also in attendance for this item were auditors from KPMG as follows: Mr M McDonagh, Ms A Ormston and Mr S Bradford. Mr M McDonagh presented the KPMG report to the Committee detailing the reasons behind the unqualified opinion given by KPMG on the accounts.

Members sought further assurance from the representatives from KPMG on the information contained within the accounts, specifically:

- the valuations given to the Council's fixed assets and the methods used to value assets;
- the difference in the value of assets between 2009 and 2010; and
- the processes used by KPMG to form their opinions on the accounts of the Council, specifically;
 - the method by which KPMG have reached their opinion on the Annual Governance Statement.

RESOLVED – The Committee resolved to:

- note the amendments made to the Accounts;
- approve the final 2009/10 Statement of Accounts; ask 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; and
- give approval to the Chair to sign the management representation letter on behalf of the Committee.

(Councillor Campbell and Councillor Kirkland entered the meeting at 10.17am during the discussion of this item.)

48 Final Annual Governance Statement 2010

The Head of Governance Services presented a report of the Assistant Chief Executive (Corporate Governance) which provided an introduction and commentary to the Council's Final Annual Governance Statement.

Members discussed what action should be taken to review the areas for improvement, in particular the improvements identified by the Chief Procurement Officer in relation to compliance with Contract Procedure Rules

RESOLVED – The Committee resolved to:

- approve the Final Annual Governance Statement;
- authorise the Chair of the Corporate Governance and Audit Committee to sign the statement on behalf of the Committee;
- recommend that the Leader of Council, Chief Executive and Assistant Chief Executive (Corporate Governance) sign the document; and
- seek further assurances with regard to the control arrangements in place to ensure compliance with Contract Procedure Rules across Directorates, particularly whether they are fit for purpose, how the arrangements are communicated and what the issues and risks are in terms of the arrangements being embedded; and
- seek a further report on the arrangements in place within Strategic Landlord/ALMO's to ensure that the improvements identified within the report are implemented.

49 Disbanding the Audit Commission; issues for Corporate Governance and Audit Committee

The Chief Officer (Audit and Risk) presented a report of the Deputy Chief Executive and Director of Resources. The report provided the Committee with an update on the emerging issues following the announcement on 13th August 2010 by the Secretary of State for Communities and Local Government, that the Audit Commission is to be disbanded.

Members particularly discussed how the void to be left by the Audit Commission would be filled specifically in terms of the consequences for Audit Commission staff, which companies would be in a position to undertake the external audit work done by the Audit Commission and how the new companies would be held accountable for the work they undertake.

Members also raised the issue of impartiality, if in the future auditors were to be appointed to undertake the work previously done by the Audit Commission.

RESOLVED - Members resolved to:

- note the initial implications of the decision to disband the Audit Commission and receive further details as appropriate from the Chief Officer (Audit and Risk);
- receive a further update on the impact of disbanding the Audit Commission has on how the assurance framework is assessed and reported to the Committee; and
- receive the Future Issues information identified by the Audit Commission. This information to be circulated to all Members of the Committee.

(Councillor Taggart entered the meeting during the discussion of this item at 11.15am)

50 Council Assurance Framework for ALMOs/ BITMO

The Housing Policy and Monitoring Manager presented a report of the Head of Strategic Landlord the report advised the Corporate Governance and Audit Committee ALMO / BITMO framework.

Also in attendance was the Principal Audit Manager (Audit and Risk).

Members discussed the report and considered it to be a case study of good practice.

RESOLVED - Members resolved to receive an annual report from Strategic Landlord Group on the assurances given for ALMOs and BITMO in managing the housing service through the Assurance Framework.

51 Information Security Report

The Project Manager (Planning Policy and Improvement) presented a report updating the Committee on any security breaches that the Council has been subject to and the work done to reduce the impact and mitigate against such attempts.

Members sought further assurances with regard to the security arrangements for 'PDA' devices which have been issued to officers and Members

Members also challenged the reasons behind the Council's use of specific brands of software.

RESOLVED - The Committee resolved to:

- note the contents of the report; and
- receive a report detailing the security arrangements in place for PDA devices issued by the Council.

52 Work Programme

The Assistant Chief Executive (Corporate Governance) submitted a report notifying Members of the draft work programme for 2010/11.

The Committee resolved to note the draft work programme for the remainder of 2010/11.



Report of the Director of Resources

Corporate Governance and Audit Committee

Date: 15th November 2010

Subject: Government Spending Review

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 report provides information on the implications of the Government's spending review which was announced on 20th October 2010.

2.0 Background Information

2.1 Appendix 1 and 2 to the report was presented to the Executive Board on 3rd November 2010.

3.0 Main Issues

3.1 The headline to most impact local Government is for funding to be reduced by 26% in real terms over 4 years. This compares to average savings for government departmental budgets of 19%.

3.2 The proposals also included a significant reduction in the number of ring fenced grants with around £4billion a year to be rolled into (general) Formula Grant.

3.3 Furthermore funding will be provided for Council Taxes to be frozen for 2010/11 and funding for schools is to be increased in real terms by 0.1% per year.

3.4 As expected the Spending Review presents a significant financial challenge to the Council and the report attached at Appendix 1 makes proposals for the setting of the Council's budget for 2011/12 including commencing a process of consultation.

4.0 Implications For Council Policy And Governance

- 4.1 The spending review will undoubtedly have impacts upon how the Council delivers against the wide range of organisational objectives and statutory obligations it has.
- 4.2 A challenge for the Corporate Governance and Audit Committee is to understand, and help determine, the extent of the systems and processes (the governance control environment) which are necessary, and proportionate, to support and manage the risks associated with the delivery of those objectives and obligations.

5.0 Legal And Resource Implications

- 5.1 There are significant resource implications for the Council in terms of its ability to maintain all the services it currently provides. The grant settlements for local authorities will not be known until late November, but a simple extrapolation of the national figures suggests a grant reduction for the Council of over £150 million by 2014/15 of which around £52 million could have an impact in 2011/12.

6.0 Conclusions

- 6.1 The spending review presents a significant financial challenge to the Council and the report attached at appendix 1 makes proposals for the setting of the Council's budget in 2011/12.

7.0 Recommendations

- 7.1 To note the details, contained in Appendix 1 and Appendix 2.

Background Documents Used

Government Spending Review – Executive Board Report – 3rd November 2010.



Report of the DIRECTOR OF RESOURCES

Executive Board

Date: 3RD November 2010

Subject: GOVERNMENT SPENDING REVIEW 2010

Electoral Wards Affected:

Ward Members consulted (referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In (Details contained in the report)

EXECUTIVE SUMMARY

The Chancellor of the Exchequer published the coalition government's Spending Review on the 20th October 2010 setting out their public expenditure plans for the next four years (2011/12 to 2014/15). The government state that they have established a new fiscal framework to remove the structural deficit by the end of the current Parliament. The headline for local government is for funding to reduce by 26% in real terms over 4 years. This compares to average savings for government departmental budgets of 19%. Reductions for local authorities are significantly front-loaded, with real term losses in 2011/12 of more than 10%.

The proposals do include a significant reduction in the number of ring-fenced grants with around £4 billion a year to be rolled into (general) Formula Grant. Funding will also be provided for Council taxes to be frozen for 2011/12. The grant settlements for local authorities will not be known until late November, but a simple extrapolation of the national figures suggests a grant reduction for the council of over £150m by 2014/15, of which around £52m could impact in 2011/12.

Capital support for local authorities is reduced by 45% over the review period, but the government have stated that the proposals for Tax Increment Financing (TIF) will go ahead.

Funding for schools is to be increased in real terms by 0.1% per year including a new pupil premium, and £4.5 billion is provided for affordable housing. It is also proposed that council tax benefit is localised from 2013/14, but for it to cost 10% less.

As expected the Spending Review presents a significant financial challenge to the council, and this report does make proposals for the setting of the council's budget for 2011/12 including commencing a process of consultation.

1. PURPOSE OF THIS REPORT

- 1.1 The purpose of the report is to provide information about the Government's announcement on 20th October 2010 of the results of its Spending Review. As expected this has significant implications for public spending in general and for local authorities in particular although figures announced are mainly national ones. Individual authorities' grant figures are expected to be announced at the end of November. The report also sets out proposals for developing the council's budget, including the commencing a process of consultation.

2. KEY HEADLINES

- 2.1 Headline announcements include:

- Average savings in government departmental budgets of 19% over the next 4 years
- On average central government funding to councils, schools, police and fire to decrease by 26% in real terms over four years
- Overall funding for local government to fall by an average 7.1% per year over the next 4 years but with a larger decrease in the first year

3. LOCAL GOVERNMENT FUNDING

- 3.1 In his speech the Chancellor of the Exchequer said that overall funding for local government is to fall by an average of 7.1% in real terms in each of the next 4 years although there are significant variations between years as the table below shows:

National Funding	Base	Variation			
	2010/11 £bn	2011/12 £bn	2012/13 £bn	2013/14 £bn	2014/15 £bn
Local Government Funding	28.5	26.1	24.4	24.2	22.9
Real Terms reduction (%)		10.6%	8.3%	2.8%	7.2%

The reduction applies to the whole of Formula Grant not just the Revenue Support Grant (RSG) element.

- 3.2 Most ring-fencing of grants is to be removed from 2011/12. £4 billion of specific grants per year will be rolled into Formula Grant. That includes funding for Supporting People of about £1.6bn per year (£6.5bn over the next four years), about £200m of concessionary fares specific grants and extra funding announced of £1bn by 2014/15 for social care. Remaining "Core Revenue Grants" include:

- Early Intervention Grant
- Public Health Grant (from 2013-14)
- Learning Disabilities
- New Homes Bonus
- Council Tax Freeze Grant
- Housing Benefit and Council Tax Benefit Administration Grant
- PFI Grant
- Dedicated Schools Grant
- Preventing Homelessness

Transferring specific grants into formula grant could have a distributional effect. Leeds, for example, receives lower than average through formula grant.

- 3.3 In addition to the extra funding announced of £1bn by 2014/15 for social care referred to above, another £1bn for social care is to be provided from the Health budget.

- 3.4 Capital funding from Government to councils will fall by around 45% over four years. The Government estimate that self-financed funding will fall by 17% and capital expenditure by 30%.
- 3.5 The cost of borrowing to local authorities will increase as PWLB rates are to be increased to 1% above UK government gilts. This will mean an increase on PWLB rates of approximately 0.85%.
- 3.6 Council budgets on average are estimated to decrease by 14% in real terms over four years allowing for the Office for Budget Responsibility's projections for increases in council tax and for growth in the tax base.
- 3.7 The new Regional Growth Fund will provide £1.4bn of support over three years, £0.5bn in 2011/12, £0.5bn in 2012/13 and £0.4bn in 2013/14. This will aim to support growth and create jobs in the private sector in places currently dependent on the public sector. It will be subject to a bidding process.
- 3.8 Government will guarantee a £200 million capitalisation fund in 2011-12 to support authorities that wish to deliver efficiency savings early through internal restructuring.
- 3.9 Fire service funding will reduce by 4% per year in exchange for service reforms. Over the four years formula grant funding for fire authorities will reduce by 25%, weighted to the second half of the period.
- 3.10 Police spending will fall by 4% a year for 4 years and central government police funding will reduce by 20 per cent by 2014-15.

4. COUNCIL TAX FREEZE

- 4.1 The Government will provide funding for a one year council tax freeze for 2011/12, to be funded to cover a 2.5% increase, Authorities could choose to set a council tax higher than 2.5% but, if they did, they would not receive any support from this scheme. This funding of £650m will be for each of the next four years to cover the resultant loss to the tax base. There is no guarantee that the funding will continue beyond 2014/15.
- 4.2 The scheme will apply to major precepting authorities (e.g. Police and Fire Authorities) as well as to billing authorities, but not to parishes
- 4.3 The Secretary of State has indicated that capping powers would be used to curb any "excessive" increases.
- 4.4 CLG have provided indicative grant figures which include £6.7m for Leeds.

5. POSSIBLE GRANT IMPLICATIONS FOR LEEDS

- 5.1 The figures per the Spending Review (SR) indicate a real terms reduction of 26% over the four years of the SR. In addition, the Government's proposed reductions rather than being spread evenly are to be frontloaded. This gives a forecast grant change for the council as detailed below:

Leeds Position	Base	Variation				
	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Government Grant	634.4	-	-	-	-	-
Real terms change		59.0	47.0	14.0	37.0	157.0
Funding for Council Tax		6.7				6.7
		582.1	535.1	521.1	484.1	
Reduction from previous year		- 52.3	- 47.0	- 14.0	- 37.0	

5.2 The Government's inflation assumptions over the period are 2.4% in 2011/12, 1.9% in 2012/13 and 2.0% in the final two years.

5.3 The above should be treated with caution, it being a straight extrapolation of headline figures within the spending review, and does not take account of any distributional impacts such as the ending of all Working Neighbourhoods Fund which will not impact on Leeds' funding as we do not receive any, nor the transfer of specific grants to formula grant.

6. **COUNCIL TAX BENEFITS**

6.1 Government will reduce spending on council tax benefit by 10% and localise it from 2013/14 to provide greater flexibilities to authorities to manage pressures from same date. DWP are expected to issue more information over the next few weeks.

7. **TAX INCREMENT FINANCING (TIF)**

7.1 TIF funding will go ahead and further details will be issued in a sub-national review later in the year. Members will be aware that Leeds, along with the other Core Cities have been promoting TIF through a policy proposal known as Accelerated Development Zones for the last few years, and in particular in relation to the Aire Valley.

8. **HOUSING**

8.1 Major reforms are to be put in place to better meet housing need, to increase housing supply and support sustainable growth. £4.5 billion is to be invested to provide up to 150,000 new affordable homes over the Spending Review period. A further £100 million will be provided to bring empty homes back into use.

8.2 The Preventing Homelessness Grant will continue and will provide £357m over the next four years.

8.3 The reforms to social housing will make no changes to security of tenure for existing tenants, but rents for new tenants are expected to increase from ~ 50% to ~ 80% of market rent levels. Further details on these reforms are to be set out shortly.

8.4 A New Homes Bonus scheme will be introduced. This will match fund the council tax on every new home for each of the following six years. A consultation paper on the scheme design will be launched in November and the scheme will commence in the financial year 2011/12. Nationally £900m funding will be provided over four years. An initial estimate for Leeds suggests this might amount to about £1.5m in the first year, depending on the number of new dwellings built and how the scheme is structured.

9. SCHOOLS

- 9.1 Funding for schools is to be protected. There will be a real-terms increase in schools funding of 0.1% a year for each of the next 4 years which equates to a cash increase of £3.6 billion over the Review period. There is also a commitment that cash per pupil will not fall.
- 9.2 A pupil premium is to be introduced worth £2.5bn over the review period. The premium is designed to support the educational development of disadvantaged pupils and provide incentives for good schools to take on pupils from poorer backgrounds
- 9.3 There will be a 60% real-terms reduction in capital funding over the Review period. £15.8bn will be provided to meet demographic pressure and maintain the school estate.
- 9.4 Sure Start funding (worth £1.55 billion nationally) is to be protected in cash terms but refocused on early intervention for families who need the most support. It will remain as a ring-fenced “Early Intervention” grant.
- 9.5 As previously announced, provision is to be made to extend the 15 hours of free nursery care a week for 3 and 4 year olds to disadvantaged 2 year olds.
- 9.6 The arrangements for schools funding and the pupil premium have been subject to a recent consultation exercise and funding allocations for 2011/12 are not expected to be provided until November or early December, including final details of which grants are to be included in the DSG, which grants will continue and the size and distribution of the pupil premium. Leeds received nearly £22 million in Sure Start, Early Years and Childcare grant in 2010/11. Assuming the grant is protected in cash terms Leeds can expect to receive a similar sum in 2011/12. Leeds received £6.1m in 2010/11 for increasing flexibility for 3-4 year olds. The funding for extending this for disadvantaged 2 year olds is not yet known.

10. OTHER ISSUES

- 10.1 The Government will look at setting proportions of appropriate services across the public sector that should be delivered by independent providers, such as the voluntary and community sectors and social and private enterprises. This approach will be explored in adult social care, early years, community health services, pathology services, youth services, court and tribunal services, and early interventions for the neediest families. A White Paper will be issued early in the New Year.
- 10.2 The government has announced the first sixteen areas which will set up pooled budgets across different government departments, and stated its intention that this model of accountability will be rolled out across the country by the end of the Spending Review period. In addition, Central Government departments will be actively working with a further 20 areas to help push forward local flexibility and to address barriers. Cabinet Office will work with nine authorities, including Leeds, to involve communities in designing and commissioning services that better meet local needs. Places that want to trial different ways of delivering services including community-designed and delivered services are encouraged to do so.
- 10.3 The Government will establish a Transition Fund of £100 million to provide short term support for voluntary sector organisations providing public services.

11. DEVELOPMENT OF THE BUDGET AND CONSULTATION

- 11.1 In accordance with the Council's Budget and Policy framework, full council are responsible for setting the budget, including setting the council tax. In compliance with the framework, the executive is required to publish its initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate and in a manner suitable to the matter under consideration at least two months before the budget needs to be adopted. It is also a requirement that the initial budget proposals are referred to the appropriate Scrutiny Boards for further advice and consideration.
- 11.2 Whilst it is clear that the outcome of the Spending Review will present a significant financial challenge to all public authorities, it will not be until the end of November that the council receives details of its provisional grant settlement from government, which it is anticipated will cover two financial years. Considering these factors, it is proposed that initial budget proposals in the form of a draft medium term financial strategy is presented to this board at its meeting on the 8th December 2010, which would then be submitted to scrutiny for consideration. It is also proposed to commence a consultation process and a draft consultation document is attached. The results of consultation will be reported to both this board and scrutiny in January 2011.
- 11.3 At the board's meeting on the 13th October 2010, the establishment of a member working group comprising members of the five political parties to consider budget proposals was agreed. This advisory group will meet during November and December to consider and develop budget options. The outcome of these discussions will be reported to the board prior to the finalisation of the Council's 2011/12 budget.
- 11.4 In summary the following timetable is proposed:
- Agreement of approach to stakeholder consultation – Executive Board 3rd November 2010
 - Advisory Group to meet - November/December 2010
 - Formula Grant Announcement – 30th November 2010 (TBC)
 - Agreement of initial budget proposals – 8th December 2010
 - Submission of initial budget proposals to Scrutiny – 9th December 2010
 - Scrutiny and Executive Board to receive results from stakeholder consultation – January 2011
 - Executive Board to receive report from Advisory Group and views from Scrutiny, and propose budget to Council – 11th February 2011
 - Full Council to receive budget proposals from Executive Board, including results of consultation and views of scrutiny – 23rd February 2011

12. RECOMMENDATIONS

- 12.1 To note the details of the Spending Review
- 12.2 To approve the approach to stakeholder engagement and related budget timetable as outlined in the report and the Appendix.

BACKGROUND PAPERS

Spending Review 2010, HM Treasury, October 2010 (Cm 7942)

Letter from CLG, Rt Hon Eric Pickles MP, 20th October 2010

Letter from DoH, D.Behan, Director for Social Care, Local Government and Care Partnerships, 20th October 2010

Letter from CLG, Grant Shapps, Minister for Housing and Local Government, 20th October 2010

Executive Board 13th October 2010 - Financial Strategy and Budget Setting Process

A Consultation Document for the People of Leeds (Draft V- E.B. 2)

“Delivering Responsive and Efficient Services”

Challenging Times:

Everyone will be aware that local public services have to change as a response to reductions in public expenditure. For Leeds City Council, we estimate that we will need to reduce our budget by approximately £150m over the next four years – that sounds a large amount of money, equal to approximately 18% of our net expenditure. Whilst we have four years to address this issue, it is critically important to take action now as we know that we'll need to find at least £50m next financial year alone, starting 1 April 2011. Our biggest area of spend is on staffing. It is inevitable therefore that we will see a fairly large reduction in overall staffing. It's difficult to be precise on the actual number, but our current estimates would suggest that we're likely to have 2,500 to 3,000 fewer staff in four years' time. We currently employ approximately 17,000 people (excluding schools based staff), so that's approximately one in every six jobs. It's important that all residents, partners and Leeds City Council staff understand the challenge we face, understand the approach we are taking and help us to identify the specific actions that need to be taken forward. Please do take some time to read this consultation document carefully and feedback your thoughts and suggestions. If we tackle this together, in a responsible way, we can deliver responsive and efficient public services for the people of Leeds.

Our Response:

We firmly believe that cities like Leeds need strong civic leadership that cares about the city and its people. We also believe that we need a committed and ambitious public sector workforce. We do not agree with the concept that council's should solely be commissioners of services – so we're not proposing an easy-Council approach which is being adopted in some other councils across the country. We believe that we need an appropriate mix of service delivery provision. So, for example, where we can clearly demonstrate that efficiency and effectiveness can be provided by in-house service delivery, this is what we will do. Where we recognise that others can help us to deliver change at a faster rate or deliver better results, either through partnership arrangements or through direct delivery, then this will be considered. We are fully committed to the independent and voluntary sectors and recognise that there is much more that they could do to help us deliver better and more efficient services.

In delivering efficiencies, we recognise the importance of protecting those services provided to the most vulnerable in the city. We also recognise that we are a large city and sometimes don't think sufficiently local in determining priorities and in planning services. We are proposing to review the number of buildings we use across the city to provide services. Too many of them are in poor condition, too many are in the wrong location and some facilities are underused. This will mean that some facilities have to close whilst we make better use of other facilities. We very much appreciate that in such circumstances some service users might be inconvenienced, but we will work closely with service users to find alternative ways of accessing services. We also need to look carefully at funding provided to external organisations to ensure that they are delivering the outcomes required, as well as delivering efficiencies in the context of the reductions we are facing. We will prioritise new investment in initiatives where there is a clear case of saving money in the medium-term or in areas where we are supporting vulnerable people. And remember, the need to make efficiencies is not a new idea. Indeed, over the last 5 years, we have already delivered £100m of efficiencies. We've also developed a new set of values which are currently out for consultation. These are: Celebrating Diversity, Engaging Citizens Locally, Being Open and Honest, Working as a Team for Leeds and Spending Money Wisely. These new values are driving our improvement activity. For example, we are simplifying our partnership arrangements to make them more effective and are about to publish all spend over £500. Whilst this document talks about a general approach to making efficiencies, we will also consult on specific issues, where it is appropriate to do so, to engage citizens and service users in more specific changes when they are developed.

Question 1 : Do you support this overall approach and do you think there is anything missing that we should consider?

Limiting the Impact on Front-Line Services:

We are reviewing our office accommodation and working arrangements to reduce the number of buildings that we occupy as well as using technology better to support the delivery of more efficient ways of working. Through better contract management, negotiation and packaging we believe we can make significant savings on the £500m we spend on buying goods and services every year. We recognise that it is important to have a lean managerial structure and in this regard work is being progressed with the aim of securing a reduction in the number of senior managers we employ. We recognise that the council is large and complex and that it is not always easy to know where to go to get the services people need. We will make it even easier to contact and do business with the council, deliver on our promises, and communicate more clearly with you. We will also maximise the use of electronic means of service delivery (for example through the website) and encourage people to use these cheaper channels where they are comfortable in doing so. We will centralise and review further support services where it makes sense to do so to create economies of scale and deliver efficiencies in order to reduce the impact on front-line services.

Question 2 : What are your views on our proposals to limit the impact on front-line services and do you have any particular issues, ideas or concerns that you would like us to consider in progressing this work?

Safeguarding and Supporting Children and Young People:

Our vision is for Leeds to become a truly child friendly city. We wish for our children and young people to be safe from harm, to do well at school and be ready for work, to choose healthy lifestyles, to have fun growing up and to be active citizens who feel they have voice and influence. We recognise it can sometimes be difficult for children and families to get the services that they need, when and where they are needed. We are therefore reviewing how we deliver services to children and their families in the city. We will make services easier to access by providing them in the heart of communities, building strong services around strong schools, working better with partners in the health service to provide more things together. An example would be the integration of children's centres within schools to make this a strong model right across the city. We will also prioritise what services we provide and how we provide them, focusing on the children with greatest needs and that face greatest disadvantage, such as children with complex health care needs and disabilities and looked after children. We will do this by reviewing services that aren't effective, don't provide good value for money and that are duplicated elsewhere. We will also look for more opportunities for services to be provided by our partners, such as the voluntary sector, where this would deliver better outcomes for children and better value for money.

Question 3: Do you support our aspiration to become a truly child friendly city? Do you support proposals to improve access with more joined-up services based in local schools and communities? What are your thoughts on prioritising services for those most in need? Do you have any other thoughts on how we best support and make efficiencies in the way we support children and young people?

Supporting Older and Disabled People:

In adult social care, we are developing more personalised services. Our commitment is to make sure future services fit the needs and wishes of the individual as closely as possible. We will do this by ensuring services are flexible and by enabling people to choose from a wide variety of options, which are capable of being changed as people's personal needs change. Our aim is to enable people to stay in their own homes for as long as possible. In the future, we propose that our own council-run services will be smaller, more specialised and will target people with the greatest and most complex needs. We will continue to have a focus on safeguarding and quality and will provide a new service for people who need help to regain their independence after an accident or illness, to help them stay out of hospital or residential care. In future, some adult social care services are likely to be delivered by partner organisations such as the NHS and others in the public, private and voluntary sectors, with whom we will continue to work closely.

Question 4 : What are your views on proposals for the council to work more with partners to reduce the need for long-term social care, by helping people remain independent and supporting people with the most complex needs? Should we increase charges for adult social care services, for those people who can afford to pay? And, do you have any other thoughts on how we best support and make efficiencies in the way we support older and disabled people?

Clean and Safe Neighbourhoods:

We provide many key services which are crucial to the quality of life people experience in the city. We want to ensure that neighbourhoods are clean and safe. We recognise the importance of basic services such as refuse collection but also the significance of dealing with waste in a sustainable way. Anti-social behaviour is a blight on many people's lives and we are determined to tackle it. The costs of dealing with waste are rising, particularly as landfill taxes increase. You can help by reducing what you throw away and recycling as much as you can, which will reduce the disposal bill and make our recycling services more cost effective. We will also need to look at how we best encourage recycling with the funding limits we will have. We will try to preserve spending on keeping the streets clean. Residents, however, are paying largely for the council to pick up the litter thrown down by the minority. We want to try a new approach to dealing with the problem at source, working at a local level to tackle hotspots and with our police colleagues on issues such as fly tipping, graffiti and anti-social behaviour, combining our resources to have the maximum impact in local areas. The council plays a key role in ensuring people's housing needs are met. We know that there are not enough affordable homes and the council receives thousands of requests for help by people threatened with homelessness. We will continue to place an emphasis on trying to develop new homes and resolving people's housing problems.

Question 5: Do you support our proposed priorities for clean and safe neighbourhoods and do you agree with a need to tackle local hot-spots and for people to take greater responsibility for their own actions? And, do you have any other thoughts on how we best support and make efficiencies in these service areas?

Sustainable Economy and Jobs:

We want Leeds to be a vibrant and sustainable city that has a thriving economy, a rich cultural life and an attractive environment. To achieve this we need to be sure that new developments are appropriate and relevant for the area they are planned for, maintaining an appropriate balance between development to create jobs and investment and the need to look after the environment. We also need to have a greater focus on the low carbon economy as well as a focus on improving broadband access across the city. We need to ensure people can get to where they want to go, preferably using sustainable transport and we need to ensure that the city offers a rich variety of things to do and places to go. A key priority is helping people to find work in this current economic climate. We want to work closely with education providers and employers and to make sure that local people are able to take up opportunities as they arise. We will work to make sure that any investment the council makes includes a commitment to jobs and training. We will also encourage major businesses to remain in or relocate to the city to create and retain jobs. To meet our future challenges we are reviewing all of our services, seeking partners to help us deliver better services where appropriate, removing duplication where needed and questioning services which are underused. For example, there is a separate consultation currently underway on the provision of library services across the city. We will also need to consider charging for some of the events and services we currently provide free of charge.

Question 6: Do you agree that Leeds needs to be vibrant and sustainable and that a key priority for us is to encourage investment and help people into work? And, do you have any other thoughts on how we best support and make efficiencies in these service areas?

Please let us have your views by:

1. Visiting our website and completing the survey online at www.leeds.gov.uk/.....
2. Or completing the attached questionnaire.

The deadline for feeding back your comments is Friday 17th December 2010. If you have any questions please ring our Contact Centre on (0113) 222 4444(or a number to be confirmed).

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Report of the Director of Resources

Corporate Governance and Audit Committee

Date: 15th November 2010

Subject: Duplicate Creditor Payments

<p>Electoral Wards Affected:</p> <input type="checkbox"/> Ward Members consulted (referred to in report)	<p>Specific Implications For:</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 The purpose of the report is to provide assurance on the robustness of internal controls in operation to prevent duplicate payments in accordance with the terms of reference of the Corporate Governance and Audit Committee.

2.0 Main Issues

2.1 Leeds City Council is aware that the possibility of creditor invoices being paid more than once is an issue for all organisations, both in the public and private sectors. This is evidenced by the number of organisations set up to offer services to identify and recover such payments.

2.2 The Institute of Internal Auditors has previously reported duplicate payments typically make up between 0.1 and 0.5% of annual invoice payments. A recent analysis of Leeds City Councils creditor payments for 2009/10 identified £0.5m of potential duplicate payments out of total payments of £962m. This represents 0.05% of total payments, well below the typical figures quoted above. This may be partly due to the fact Leeds City Council has been taking positive action to manage this risk for a number of years and that internal controls are operating well in direct comparison to other organisations.

Creditor Payment Internal Audit Assurance

2.3 The Internal Audit report covering central creditor payments at the Business Support Centre (BSC) for 2009/10 provided substantial assurance that both appropriate systems of control were in place and that they were being complied with. Of the two directorates covered in 2009/10, one was given substantial assurance on the control environment and good assurance on compliance whilst the other was given good assurance on the control environment and acceptable assurance on compliance.

- 2.4 For the two years prior to this, the control environment relating to creditor payments was given substantial assurance, both centrally at the BSC and within the directorates reviewed. Acceptable assurance was provided in most instances with regard to compliance, with the exception of central creditor payments in 2007/08 where substantial assurance was provided.
- 2.5 This demonstrates that Leeds City Council has had good systems of control in place covering creditor payments for a number of years, and that these are generally complied with.

Existing Controls to Prevent or Identify and Recover Duplicate Payments

- 2.6 The internal controls in place to address the issue of duplicate payments fall into two categories, preventative and identification & recovery. These controls are summarised below:

Preventative controls:

- 2.7 All creditor payments are input into the creditor payment system. When an invoice is input the details are automatically checked against the details of previously entered invoices. Where the supplier, invoice reference and invoice date are the same as a previously entered invoice the system generates a message saying the invoice already exists and prevents further input.
- 2.8 In addition, if other criteria are met, the system flags the invoice as a potential duplicate. All such invoices must then be reviewed by a supervisor within the Central Payments Team to verify whether or not they are duplicates. Those identified as duplicates are stopped at this stage and only those verified as not being a duplicate are released for payment. It is not uncommon to receive invoices from a supplier with the same invoice reference and value where the charge relates to regular payments, e.g. monthly or quarterly rental charges. The criteria the creditor payment system uses to identify potential duplicate payments are:
- the same supplier, invoice reference and invoice value;
 - the same supplier and invoice value if over £5,000 (gross invoice value) ;
 - the same supplier, invoice date and invoice value;
 - the same invoice reference, invoice date and invoice value.

Identification & Recovery controls

- 2.9 The creditor may contact Leeds City Council if they are overpaid and refund the relevant amount.
- 2.10 Individual service area budget monitoring arrangements should highlight any significant overspends, which should then be reviewed. This should identify any duplicate creditor payments of a significant amount.
- 2.11 The Central Payments Team has introduced a new piece of software during 2010/11 that includes a duplicate payment detection facility. Initially this is being run on a quarterly basis, with the identified potential duplicate payments identified then being reviewed and recovered where appropriate. This review covers both creditor invoice payments and purchasing card transactions.

- 2.12 The Central Payments Team review the details held in the creditors master file to try ensure only one record is held for each supplier. Having multiple master records for the same supplier increases the chances of duplicate payments being made.
- 2.13 Annually, Internal Audit use a data interrogation piece of software to review the previous year's payments data. Identified potential duplicate payments are then reviewed to verify if they are genuine duplicate payments and whether the monies have already being recovered. Steps are then taken to recover any outstanding monies. Internal Audit has been undertaking this review since 2004/05 and continually strives to improve the process. The amounts recovered are shown in the table below.

Invoice Payments Reviewed Relating to	Amount Recovered by Internal Audit
2002/03 & 2003/04	265,697
2004/05	47,884
2005/06	53,248
2006/07	5,911
2007/08	8,670
2008/09	84,040
Total	465,450

- 2.14 Following this review an external organisations is commissioned to review the payment data to identify and recover any overpayments may not have identified. The cost of commissioning these reviews is based on a commission charge, typically 25% of amounts actually recovered. At one point during our last external review, the auditor undertaking the groundwork commented on the fact there was so little for him to find it was hardly worth him being there. This reflects on the quality of the analysis and recovery work already completed by Leeds City Council staff. The amount recovered by the external organisations are shown in the table below.

Period Reviewed	Total Recovered by External Organisations
2002/03 to 2004/05	197,571
2005/06 & 2006/07	15,124
2007/08	9,053
Total	221,748

- 2.15 The external organisations also look at unclaimed VAT whilst undertaking their reviews. The total amount recovered from this for invoices paid in 2002/03 to 2007/08 is £106,539.
- 2.16 The above demonstrates that Leeds City Council takes the issue of duplicate creditor payments seriously. It is recognised that whilst strong systems of control greatly reduce the number of duplicate payments made, they will not totally

eradicate them in a large organisation like ours. This is why procedures have been in place since 2004 to review creditor payment data retrospectively to allow us to identify any such payments and recover the monies if this has not already been done.

Recent Publicity

- 2.17 The Guardian newspaper reported on the 13 October that The Communities and Local Government Secretary made a speech claiming Local Authorities are wasting public monies by paying suppliers twice. A further report in the Yorkshire Evening Post (YEP) on the 14 October states that he claimed Leeds City Council overpaid suppliers by £500,000 in 2009/10. These claims were said to come from research completed by Experian.
- 2.18 The YEP report stated that a project carried out by the council and credit experts Experian recovered half a million pounds of overpayments. This is incorrect in that Experian have not been involved in recovering overpayments. Leeds City Council has had procedures in place since 2004 to retrospectively review the creditor payment data and to recover any identified duplicate payments.
- 2.19 The Internal Audit review of 2009/10 creditor payments is currently in progress. To date the value of duplicate payments identified is approximately £500k (gross). Of this £482k (96.4%) had been recovered prior to the Internal Audit review and a further £8k (1.6%) recovered by Internal Audit. Work is continuing to recover the remaining £10k (2%).

3.0 Implications For Council Policy And Governance

- 3.1 The terms of reference of the Corporate Governance and Audit committee is to review corporate governance issues and system controls. Following recent adverse comments in the press, this report provides a more complete picture with regard to duplicate creditor payments, to give assurance that appropriate systems of control are in place to address this issue.
- 3.2 An important point to make is that as the complexities of the partners and organisations involved in the 'Big Society' agenda increase then so will the potential for duplicate payments to be made. This is compounded by the inevitable pressures on internal control and risk appetite that the forthcoming budget reductions will bring. The controls already in place and the 'belt and braces' retrospective review is an exemplar of good practice and should reduce the risks to this organisation brought about by these changes.

4.0 Legal And Resource Implications

- 4.1 The resource implication of potential duplicate payments is the cost of staff time in undertaking the retrospective reviews of creditor payments. This is detailed and time consuming work and equates to one FTE member of staff within the Internal Audit section, plus the time that will be taken within BSC that is not yet known.

5.0 Conclusions

- 5.1 The work being done within the Council specifically relating to the risk of duplicate payments demonstrates that Leeds City Council is committed towards safe guarding public monies. Duplicate payments are a global problem that happens in all large organisations. Those organisations that acknowledge this problem exists and takes action to identify and recover such sums demonstrate a respect for their finances and that they have tight control on their purse strings. It is those organisations who do not take positive action to both prevent and recover duplicate payment that are not properly controlling their purse strings.
- 5.2 Leeds City Council has good controls in place with regard to creditor payments. This is supported by the level of assurance Internal Audit have provided for these systems of control over the last few years. In each of the previous three years, the central creditors audit at BSC has provided substantial assurance on the control environment in operation.

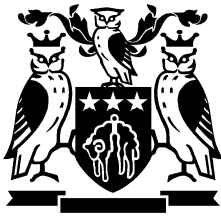
6.0 Recommendations

- 6.1 Corporate Governance and Audit Committee are asked to consider the content of this report and the assurance provided as to the Council's approach to preventing and where appropriate identifying and recovering duplicate creditor payments.

Background Documents

Yorkshire Evening Post 14th October 2010

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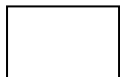
Report of the Assistant Chief Executive (Corporate Governance)

Corporate Governance and Audit Committee

Date: 15th November 2010

Subject: Review of Governance Framework for Significant Partnerships

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 Governance Framework for Significant Partnerships ('the Framework') has been reviewed in light of the abolition of Comprehensive Area Assessment (CAA) and current resource constraints. This report presents the outcome of the review, and the subsequent amendments which have been made to the Framework and the monitoring process.

2.0 Background Information

- 2.1 The Framework was introduced in response to:
- an Audit Commission public sector national report – 'Governing Partnerships – Bridging the Accountability Gap' (2005);
 - an external audit report on partnership working, which highlighted the need for the authority to review its governance arrangements relating to partnerships;
 - Key Lines of Enquiry under the Use of Resources assessment, requiring the Council to apply the principles and values of good governance to its partnership working; and
 - the CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework which recommended that local authorities have arrangements to incorporate good governance arrangements in respect of partnerships.
- 2.2 These documents highlighted a number of potential risks associated with the governance of partnerships, which the Council has sought to mitigate through the application of the Framework. These include:
- Partnerships may not deliver good value for public money;
 - There may not be clear accountability between partners which may reduce accountability to the public;
 - Partnerships may not manage their resources effectively;

- Partnerships may not achieve the outcomes for which they were set up; and
- The Council's reputation may be adversely affected due to failures within a partnership.

- 2.3 The Framework has been in place since 2007. Its purpose is to set out:
- steps **before entering** a partnership;
 - **minimum governance requirements**;
 - **council support** for partnerships; and
 - **monitoring and review** of the Council's involvement with each partnership.
- 2.4 It is supported by a toolkit, which provides detailed guidance about its requirements, and how compliance with the Framework is monitored.
- 2.5 The scope of the Framework is **significant** partnerships. The Framework sets out criteria for significance¹. Directors assess each partnership's significance using a scorecard, which is part of the toolkit. Partnerships which score **51%** or more are considered significant, and are monitored for compliance with the Framework.
- 2.6 A register setting out the Council's significant partnerships has been in place (and reported annually to Corporate Governance and Audit Committee since 2009. Currently, 34 significant partnerships are on the register.
- 2.7 At the moment, the following are monitored by the Assistant Chief Executive (Corporate Governance):
- **requirements before entering a partnership** – the lead officer is asked to report on compliance within 14 days of the partnership being added to the register;
 - **minimum governance requirements** – the lead officer is asked to report on compliance on an annual basis (currently every July); and
 - **annual review of the Council's involvement in the partnership** – this can be undertaken by the lead officer any time during the year, but must be confirmed by the end of each municipal year.
- 2.8 The results of the 2009 monitoring exercises were reported to Corporate Governance and Audit Committee.
- 2.9 Internal Audit have recently audited the Framework. The report concluded that "good assurance has been provided in respect of the control environment as Governance Services has implemented a number of procedures to manage the risks associated with partnership governance".

3.0 Main Issues

- 3.1 The Framework requires the Assistant Chief Executive (Corporate Governance) to review the Framework each year. Given the abolition of CAA, and in light of resource

¹ These criteria are:

- the **resources** which the Council contributes to the partnership;
- how the partnership helps the Council to achieve the **outcomes and priorities** in the **Leeds Strategic Plan**;
- the consequences if the partnership were to **fail**;
- the types of **decisions** the partnership makes;
- whether the partnership is **required by law or to secure funding**; and
- the extent to which the partnership helps the Council to **manage risk**.

constraints, the Framework has been reviewed to assess its benefits and ensure that its provisions are proportionate.

Feedback received on the Framework and toolkit

3.2 As part of the review, feedback has been sought from officers on the Framework and accompanying toolkit.

Verbal feedback from lead officers

3.3 At two partnership governance training sessions held in July, lead officers were invited to comment on the Framework. Although a small sample, comments were consistent, on the following lines:

- the Framework (and toolkit) are useful as a reference, or starting point when establishing or reviewing a partnership;
- the monitoring process is onerous, and may duplicate other monitoring;
- private sector representatives on some partnerships do not consider that the governance requirements add value; and
- time-constraints prohibit partnerships from fulfilling all of the governance requirements - they have limited time to deal with their core business.

3.4 In short, although the Framework was acknowledged as having some value, compliance with it is not seen as a priority. It is not perceived as contributing directly to service delivery. Rather, it is viewed as taking resources away from partnerships' core business.

Questionnaire

3.5 A questionnaire was also sent to Directors and lead officers, seeking views on the Framework and toolkit. Sixteen responses were received, out of a possible 33.

3.6 The main points arising are as follows:

- Some respondents indicated that the Framework had led to improvements in governance and monitoring arrangements, but most felt that it had not;
- Almost all respondents believed that the Framework is too onerous – particularly how it is monitored;
- Several respondents felt that the significance threshold is too low, and/or that the minimum governance requirements are themselves too onerous;
- Several respondents felt that the Framework should be guidance only; and
- Several respondents indicated that resources could be better used by providing practical assistance, particularly when partnerships are being set up, as opposed to monitoring compliance.

Meetings with key officers

3.7 In addition, meetings were held with key officers involved with partnerships, to discuss their views on the Framework, and proposed amendments in more detail.

3.8 Similar Issues arose. In particular:

- There is some value to the Framework but monitoring is too onerous;
- There is a need for more practical assistance, including the provision of template documents; and
- The scope of the Framework is too wide.

Review against other documents

- 3.9 As part of the usual annual review, the Framework was also reviewed against several other documents, including the Council's Code of Corporate Governance, Standards for England's Protocol for Partnership Working, the Improvement Network for Managers and the Government Compact for Working with the Third Sector. These contain information which it is now proposed to reference in the toolkit.

Conclusions from the Review

- 3.10 The Governance Framework for Significant Partnerships has, to an extent, helped to mitigate some of the risks associated with working in partnership. In particular the Council:
- Has established a register of significant partnerships;
 - Raised the profile of governance considerations when entering into partnership; and
 - Enabled a broad overview of the extent to which governance arrangements are reported by lead officers as being fit for purpose.
- 3.11 However it is clear from the responses received as part of the review that the monitoring arrangements outlined in paragraph 2.7 are felt to be too onerous.
- 3.12 The monitoring arrangements gather high level 'reported' compliance with the various elements of the Framework – this monitoring does not target partnerships for independent audit but rather, in practice has been seen to place a administrative burden on directorates which has not, in retrospect, been proportionate to the management of the risk.

Amendments to the Framework

- 3.13 The Assistant Chief Executive (Corporate Governance) consulted with Corporate Governance Board and Corporate Leadership Team on potential amendments to the Framework and the associated monitoring process. Both recommended that the Framework should be re-issued as guidance only, and that the monitoring of compliance with it by the Assistant Chief Executive (Corporate Governance) should cease. This recommendation to amend the Framework was implemented through a delegated decision of the Assistant Chief Executive (Corporate Governance).
- 3.14 The Assistant Chief Executive (Corporate Governance) considers that there is some value in retaining a register of significant partnerships, to inform the programme for internal audit. A register of significant partnerships will therefore be compiled from decisions to enter into a partnership (Key, Major, Full Council or Committee decisions only), with any partnerships which are currently on the register also remaining registered. On an annual basis, Directors will be asked to confirm that partnerships on the register are still operational, in order to keep the register up-to-date.
- 3.15 Directors will also be asked to append the partnership agreement to the relevant Delegated Decision Notification or Committee report, when the decision is made to enter the partnership, to ensure that appropriate governance arrangements are in place before the Council enters into the partnership.

4.0 Implications For Council Policy And Governance

- 4.1 The effectiveness of the Council's partnership governance arrangements was previously specifically subject to assessment under the CAA. Although this will no longer be the case, the governance arrangements of some partnerships may come under review during other inspections, for example by Ofsted.
- 4.2 The new arrangements place responsibility on Directors for ensuring that partnership governance arrangements are regularly reviewed and are fit for purpose.
- 4.3 Internal Audit will consider allocating time for reviewing the operation of partnerships using a risk based approach. The assurances obtained from those partnerships reviewed by Internal Audit will be more robust than those previously achieved through monitoring compliance with the Framework through lead officers.

5.0 Legal And Resource Implications

- 5.1 There is no legal obligation to have a Framework.
- 5.2 The removal of the Framework and the associated monitoring will lead to savings in resources both centrally and within directorates. In terms of central resources, savings will equate to less than a quarter of one full time equivalent. Any capacity which is freed up will be realigned to other areas of current and anticipated future work resulting from the Decentralisation and Localism Bill.

6.0 Conclusions

- 6.1 Further to the abolition of CAA, resource restraints and feedback received from Directors and lead officers, the Governance Framework for Significant Partnerships and its monitoring arrangements have been removed.
- 6.2 From the review, it became clear that the monitoring arrangements were felt to be too onerous, and gathered high level 'reported' compliance rather than targeting individual partnerships for independent audit.
- 6.3 The Assistant Chief Executive (Corporate Governance) has, therefore, by way of delegated decision, re-issued the Framework as guidance only. The register of significant partnerships will be compiled from decisions to enter into a partnership (Key, Major, Full Council or Committee decisions only), and any partnerships already on the register will remain, and may be audited by Internal Audit depending on the risks presented.

7.0 Recommendations

- 7.1 Members of CGA are asked to note the outcome of the review of the Governance Framework for Significant Partnerships, and the amendments made.

Background Documents

Leeds City Council Governance Framework for Significant Partnerships (Version 3.0 – approved on 26th January 2010)

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Originator: E Davenport

Tel:24 78408

Report of the Assistant Chief Executive (Corporate Governance)

Corporate Governance and Audit Committee

Date: 15 November 2010

Subject: Judicial Review – lessons learned

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Summary

1. This report informs Members about the outcome of the case Technoprint Plc and Snee V Leeds City Council, a judicial review of a decision to grant planning permission. Judgment was given against the Council, on the basis that the decision was unreasonable or irrational.
2. The claimants also alleged that at the time the planning permission was granted, the Council had no valid scheme for delegating the power to grant planning permission to any of its officers. However, this challenge was not successful.
3. The Joint Plans Panel reviewed the planning aspects of the case, at their meeting on 23 September 2010. (Appendix 1 to this report is the report considered at that meeting).
4. This report focuses on the wider governance implications arising from the case. Specifically, these are:
 - the process for agreeing the Council's scheme of officer delegation; and
 - the provision of documents to be considered at the Annual Meeting, after the dispatch of the summons.
5. The report recommends that the Committee note the steps outlined in the report which are proposed or have been taken by the Assistant Chief Executive (Corporate Governance) to improve the governance arrangements for these matters.

1.0 Purpose Of This Report

- 1.1 This report informs Members about the outcome of the case Technoprint Plc and Sneer V Leeds City Council, a judicial review of a planning decision. The report focusses on the implications for the Council's governance arrangements, and identifies improvements which have or should be made, to current practices.

2.0 Background Information

- 2.1 On 15 February 2010, the High Court quashed planning permission granted by Leeds City Council for a development of 12 flats, with associated parking, at Wide Lane, Morley.
- 2.2 The decision to grant planning permission had been taken on 7 February 2008, by a principal planning officer under the Chief Planning Officer's delegation scheme.
- 2.3 The challenge to the decision was made on a number of different grounds. Judgment was given against the Council, on the basis that the decision had been unreasonable or irrational. On 23 September 2010, the Joint Plans Panel received a separate report on the case, outlining the planning aspects in detail. This is attached for information as appendix 1 to this report.
- 2.4 As part of their case, the claimants alleged that at the time the planning permission was granted, the Council had no valid scheme for delegating the power to grant planning permission to any of its officers. Consequently, they alleged that the officer was not authorised to make the decision to grant the planning permission.
- 2.5 The claimants did not succeed with the challenge to the delegation scheme itself. However, in view of the publicity about the case, and the costs incurred in defending it, it is appropriate for this Committee to receive further information about the wider governance implications of the case

3.0 Main Issues

Agreeing the Council's officer delegation scheme

- 3.1 The Council Procedure Rules provide that the Council's annual meeting will "agree the scheme of delegation or such part of it as the Constitution determines it is for the Council to agree...".
- 3.2 It was accepted by the Council that between 12 December 2001 (when the constitution was first adopted) and the Annual Meeting of the Council which took place in May 2008, the Council did not **expressly** and discreetly agree the whole delegation scheme relating to council functions, by resolution. Instead, the Council adopted the practice of approving any variations or amendments to its Constitution at the Annual Meeting, following consideration by the Constitutional Proposals Committee (now the General Purposes Committee) – as required by Article 15.
- 3.3 The claimants alleged that no valid delegation scheme was in place in February 2008, when the planning permission was granted, because the whole scheme had not been expressly approved at an Annual Meeting.
- 3.4 Members will note that if this argument had succeeded, then other decisions taken by officers under the Council's delegation scheme relating to Council functions could have also been subject to challenge on the same basis. (The challenge would not,

however, have extended to decisions taken by the officers on behalf of the executive).

- 3.5 Mr Justice Wyn Williams gave judgment in the case. He found that that the meaning of “agree” in the Council Procedure Rules “encompasses agreement by express words, by conduct or by a combination of both”. He therefore concluded that the Council was not required to agree the whole delegation scheme expressly by resolution.
- 3.6 Further, he added that the Council “has adopted and applied a perfectly sensible means of amending its Constitution as and when necessary since its adoption in 2001.”

Circulation of documents at the Annual Meeting

- 3.7 The Council’s position was that at the Annual Meeting in 2003, the Council delegated powers to the newly created post of Chief Planning and Development Services Officer, and that the decision to grant permission was made under this continuing authority in 2008. However, the claimants raised a secondary issue about the circulation of documents at the Annual Meeting in 2003.
- 3.8 The claimants asserted that relevant documentation (the minutes of and the report to the Constitutional Proposals Committee about amendments to the constitution) had not been circulated before the Annual Meeting. They claimed that this amounted to a failure to comply with Section 100B of the Local Government Act 1972, and submitted that as a consequence, the resolution to approve the scheme of delegation was invalid, and no delegation scheme had been approved.
- 3.9 The Council accepted that the documents had not been circulated with the summons 5 clear days before the meeting, but stated that they were provided to Councillors before the meeting.
- 3.10 Mr Justice Wyn Williams noted that the requirement in Section 100B that reports shall be made available for public scrutiny at least 5 clear days before a meeting, is subject to a provision that reports need not be made available for inspection by the public until copies are available to Councillors. He also noted that there is no requirement that the reports be made available to Councillors at least 5 clear days before the meeting.
- 3.11 Mr Justice Wyn Williams was not satisfied as a matter of fact, that reports were not placed before Councillors either prior to or at the meeting. But in any event, on his interpretation of the law, he found no basis for a breach of Section 100B.

Chief Planning Officer’s delegation scheme

- 3.12 The claimants were not successful in their challenge to the validity of the delegation scheme. However, in any event, at its meeting of 23 September 2010, the Joint Plans Panel resolved that the current delegations to the Chief Planning Officer should be reviewed by a planning member-officer working group, to ensure that they are appropriate.
- 3.13 It was agreed that the working group’s finding should be reported to the relevant Panels / Committees, with the aim of presenting the outcome and any recommended changes to the delegation scheme to full Council in January 2011.

- 3.14 A particular concern was that under the current scheme of delegation, Ward Councillors have 21 days from notification to request an application to be referred to Panel. It was considered that this time period is too short. The same period of 21 days, is given by statute for local residents to comment on an application. Accordingly, it was felt that this period does not allow a Ward Councillor sufficient time to consider the views of the local community, in deciding whether an application should be reported to Panel or not.

4.0 Implications For Council Policy And Governance

- 4.1 Since the Annual Meeting in 2008, the Council has expressly approved its entire scheme of delegation at each Annual Meeting. That is, the entire Council scheme of delegation relating to Council functions is now circulated as a schedule to the summons, and a resolution passed expressly to approve the scheme. This practice was introduced to promote greater transparency. Also, the approval for each delegation is more readily demonstrable, as dating back at the latest to the last Annual Meeting.
- 4.2 In relation to circulating documents before the Annual Meeting, due to restricted time-scales (particularly where elections have been held shortly beforehand), some schedules to the summons only become available for circulation after the issue of the summons.
- 4.3 The Assistant Chief Executive (Corporate Governance) recognises that to promote transparency, papers ought to be dispatched either with the summons, or as swiftly as possible after that. With this in mind, the Head of Governance Services achieved significant improvements in the speed at which schedules were circulated, at the Annual Meeting in 2010. This was achieved by streamlining administrative processes and focusing on how key officers consult and co-ordinate with relevant Members.
- 4.4 The issue of circulation of documentation after dispatch of the summons also arises in relation to Ordinary Council Meetings, and may arise in relation to committees. Instructions have therefore been given to Governance Services staff responsible for supporting meetings, to record additional information which becomes available after agenda or summons dispatch, and when it is published and circulated.
- 4.5 To further improve transparency, Chairs of committees, and the Lord Mayor (at Council meetings) have been asked to announce and make clear any papers in addition to the published agenda and reports which are before Members for consideration. These announcements are drafted for the Chair and Lord Mayor by the Governance Officer supporting the meeting, and reflected in the minutes for the meeting in question.

5.0 Legal And Resource Implications

- 5.1 The requirement for the Council to agree its delegation scheme relating to Council Functions at its Annual Meeting is set out in Council Procedure Rule 1, and is not a statutory requirement. The provision follows the model standing orders provided by the DCLG in 2001 when the constitution was drafted.
- 5.2 The judgment confirmed that the Council's practice of approving the scheme by way of approving amendments and variations, rather than as a whole, discharged the requirement to agree the scheme set out in Council Procedure Rule 1.

- 5.3 In relation to the circulation of additional information after the dispatch of the summons, the judgment concluded that the Council had not breached the provisions of Section 100B of the Local Government Act 1972.
- 5.4 The costs of defending this case are set out in the attached report to Joint Plans Panel.

6.0 Conclusions

- 6.1 Although judgment was given against the Council, the challenge to the validity of the delegation scheme was not upheld.
- 6.2 In any event, since 2008, the Council has explicitly approved the whole delegation scheme for Council functions, at the Annual Meeting.
- 6.3 In relation to the circulation of documents, the Council has complied with the legislation relating to the circulation of documents after the dispatch of summonses. In any event, steps have been taken to improve the transparency of the process.
- 6.4 Although not a direct consequence of the case, a review has been initiated by the Joint Plans Panel, into the terms of the current officer delegation to the Chief Planning Officer.
- 6.5 The process for the annual review of the constitution is also being revised, to ensure that relevant Members are able to fully contribute where they have a particular interest. At present, the annual review is mostly carried out by consulting with relevant Directors. However, the Head of Governance Services will ensure that in future, relevant Members for specific functions such as planning, are specifically requested to feed into the review process for delegation schemes, and other documents relevant to their remit.

7.0 Recommendations

- 7.1 Corporate Governance and Audit Committee are asked to note the outcome of the case Technoprint and Mark Snee V Leeds City Council, in relation to the governance issues arising.
- 7.2 The Committee are asked to note that the Joint Plans Panel have considered the planning issues arising from the case, and that the Panel have initiated a review of the delegation to the Chief Planning Officer.
- 7.2 In relation to the issues relating to the wider governance arrangements raised by the case, Corporate Governance and Audit Committee are also asked to note the steps proposed or already taken by the Assistant Chief Executive (Corporate Governance) to improve the governance arrangements relating to:
- the approval of the delegation scheme relating to Council functions; and
 - the provision of documents outside the 5 clear day notice period.

8.0 Background Papers

- 8.1 High Court judgments 9 December 2009 and 24 March 2010, Technoprint Plc and Mark Snee V Leeds City Council.

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Leeds
CITY COUNCIL

Originator: Caroline Allen
David Newbury

Joint Report of the Chief Planning Officer and the Chief Officer for Legal Licensing & Registration

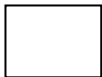
Meeting: Joint Plans Panel Meeting

Date: 23rd September 2010

Subject: High Court challenge concerning grant of planning permission (07/06905/FU) for the demolition of workshop and erection of block of 12 flats at 10 Wide Lane, Morley, Leeds, LS27 9BL

Electoral Wards Affected:

All



Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

RECOMMENDATIONS:

1. That Members note the report, and in particular the changes to the following working practices within Planning Services:

(i) the extent and nature of the planning obligation (including where appropriate the payment of a commuted sum) is now agreed as part of the heads of terms of the legal agreement and the agreement itself sets out the terms of its provision. In the case of commuted sums this will include the identification of the locality where the money is to be spent.

(ii) closer working between planning and legal officers on the most complex and sensitive planning cases has been introduced.

(iii) case officers are to be reminded of the need to be open about matters of procedure and how it is intended to progress a planning application towards determination.

1.0 Purpose of This Report

1.1 On 15th February 2010 the High Court quashed the planning permission dated 7 February 2008 for the above stated development. At the Joints Plans Panel of 1st July 2010 Members requested that a report be presented to this Panel that set outs:

- the background to the case,
- explains why the case was contested, and
- details the implications arising from the judgement.

1.2 This report concentrates solely on the planning aspects of the case. A separate report is being presented to the Corporate Governance and Audit Committee (CGAC). The

purpose of the CGAC report is to outline to members lessons learned from the case, particularly in terms of governance arrangements approved at the Annual Council meeting.

2.0 Background

- 2.1 On 7th February 2008 planning permission was granted for the redevelopment of 10 Wide Lane, Morley for a development of 12 flats with associated parking. This decision was taken by a principal planning officer pursuant to the Chief Planning Officer's subdelegation scheme. The site is prominently located at a road junction, is located on the edge of Morley town centre and adjacent to the conservation area. The site constitutes previously developed land and is in a sustainable location. These factors in combination with the enhancement to the character of the area and the adjacent conservation area carried significant weight in the decision to grant planning permission.
- 2.2 The grant of planning permission was subject to certain planning conditions including ones covering the following matters:
- Details of a scheme of greenspace to be submitted and approved by the local planning authority (condition 2).
 - The maximum achievable visibility splays shall be provided at the access to the site (condition 6)
 - Development shall not commence until potential land contamination has been investigated (condition 14), that a remediation scheme to render the site suitable for use shall be submitted for approval (condition 15), that 3 working days notice shall be given prior to undertaking remedial works (condition 16), that remedial works shall be carried out in accordance with the approved statement (condition 17), if this is not possible a revised remediation statement shall be submitted (condition 18), if significant unexpected contamination is found works in the affected part of the site shall stop until a proposed method of dealing with the contamination is agreed (condition 19) and validation report shall be submitted that sets out how the site has been made suitable for use (condition 20).
- 2.4 During the consideration of the application representations were received from Morley Town Council (signed by Councillor Leadley) and from 4 local residents. The latter included a lengthy letter of objection from a Mr. Mark Snee and he would subsequently challenge the decision. In a letter dated 21st November 2007 the Town Council supported the scheme but requested that details of amenity space and parking be revised. Following the receipt of this letter further negotiation took place with the applicant and revised plans were submitted that addressed the concerns raised by the Town Council.
- 2.5 In a letter dated 5th February 2008 Councillor Tom Leadley requested that the application be reported to Panel for determination "*...to allow the Panel to judge challenges from a neighbour's representative to the likely advice from officers, in particular about the height and massing of the of the proposed building, the proposed highway access, and loss of employment land*". This letter was written following a conversation that Councillor Leadley had with the case officer when he (Councillor Leadley) was informed that officers were to determine the application under delegated authority. The Judge noted, however, that Councillor Leadley's request fell outside of the terms of the exceptions to the delegation scheme to the Chief Planning Officer as he is not a ward Member and the letter was received after the period that ward Members are given for the submission of such requests. Nevertheless it was

accepted by the council in evidence that consideration would have been given to the request. In any event the case officer and the officer with delegated authority did not see this letter until after the application had been signed off. Although the letter was handed into the reception desk on 6th February it was then placed into the internal post system and did not arrive with the case officer until 11th February (4 days after the planning permission was issued). This is addressed at paragraph 5.5 below.

3.0 The High Court Challenge

3.1 Technoprint plc and Mark Snee (the Claimants) challenged the council's decision to grant planning permission by way of judicial review. The challenge was brought on the following grounds:

1. That the decision to grant planning permission was reached in a manner which was procedurally unfair;
2. That the planning officer was not authorised to grant planning permission since no valid scheme of delegation existed at the time the permission was granted;¹
3. In the event that there was a valid scheme of delegation at the time, the planning officer did not have authority under that scheme to take the decision and the application should have been referred for consideration by the Plans Panel;
4. The decision to grant planning permission was irrational or unreasonable.

3.2 The Claimants' conclusion, set out in their Statement of Facts and Grounds at paragraph 52 succinctly sums up their case as follows;

"This was a hasty and ill-considered decision rushed through the delegated decision making process at the last moment, in the face of clear concerns from the Claimants and an elected member, and leaving a number of very important matters to be dealt with by way of condition which should have been addressed before planning permission was granted. The application should have been referred to a Plans Panel and it ought not to have been successful."

4.0 The High Court Decision

4.1 On 15 February 2010 the court considered the Claimants' three 'planning' grounds of challenge (grounds 1, 3 and 4). Mr. Justice Wyn Williams who gave the judgment found for the council with regard to grounds 1 and 3 but upheld ground 4 and quashed the planning permission. He concluded that the decision to grant planning permission was unreasonable or irrational because no reasonable planning authority would have granted planning permission subject to conditions 2 and 14-20 inclusive relating to greenspace and contaminated land respectively.

Ground 1

4.2 With regard to Ground 1 (procedural unfairness) it was the Claimants' case that the decision to grant planning permission was reached in a manner which was unfair to them. The Claimants had submitted letters of objection to the planning application and had made enquiries of the case officer by email as to whether the application would be determined by an officer or by Panel. Councillor Leadley also made enquiries with

¹ This ground was considered separately by the Court and in advance of the other 3 grounds. The challenge on this ground was unsuccessful.

the case officer prior to the application being determined, although a letter from Councillor Leadley requesting that the application be considered by the Plans Panel was not received by the case officer until after the decision to grant permission had been taken. It was the Claimants' case that these matters constituted procedural unfairness. The Court judgment considers these matters in some detail. Mr. Justice Wyn William's view was that the case officer should have but failed to inform the Claimants in a timely fashion that the application was to be determined by officers, and that he had failed to give straightforward answers to straightforward questions. However, Mr. Justice Wyn Williams went on to state at paragraphs 22 and 23 of the judgment that:

'the Claimants, themselves, did not at any time make representations to the [council] to the effect that the planning application should be determined by a Panel as opposed to an officer' and that 'that must be an important factor when considering whether the Claimants were treated unfairly.' (para 22)

'That does not mean, however, that the Defendant was under a legal obligation to provide accurate answers with the consequence that if it did not any planning permission it granted should be quashed on the grounds of unfairness. The Claimants had no right to make representations about whether the application should be dealt with by a Panel as opposed to an officer. No expectation had been raised by the Defendant to the effect that the decision should be made by a Panel- quite the contrary. At any time the Claimants could have made representations about how the application should be determined or ask Councillor Leadley to make representations as he did at a very late stage. Essentially the issue of whether the application was one which should be determined by an officer or by a Panel was one for the Defendant to determine in accordance with its own criteria' (para 23)

- 4.3 Further, there was no evidence that any legitimate expectation arose in the minds of the Claimants that the application would be determined by a Panel. Mr Justice Wyn Williams went on to say that even if he was wrong in his conclusion, he would not have used his discretion to quash the permission in this case as it was clear that the planning officer had considered the exceptions to the delegation scheme and had concluded on planning grounds that it was not appropriate to refer the application to a Panel.

Ground 3

- 4.4 Turning to Ground 3 (the determination of the application fell outside of the scheme of delegation and should have been referred to Panel). The Court did not find against the council on this point and concluded *"...that the question for me [Mr. Justice Wyn Williams] is whether Mr. Smith's recommendation to the effect that planning permission should be granted under delegated powers was irrational or unreasonable"*.

Ground 4

- 4.5 The Claimants' Ground 4 claim that the decision to grant planning permission was irrational or unreasonable relied on a number of factors:

1. That the officer's report failed to take into account three specified material considerations;
2. That it was irrational to deal with the following matters by way of condition:
(1) provision of additional or improved green space (condition 2), when

absolutely no consideration has been given as to how this could actually be achieved (2), visibility splays (condition 6) when it was clear from an email from the Highways Engineer that the maximum achievable distance was not known and (3) investigation into and remediation of land contamination (conditions 14-20) when the council's Technical Officer for Land Contamination recommended on 28 November 2007 that a Phase 2 report be obtained from the Interested Party but none was ever requested let alone obtained, and on 5 February 2008 the Technical Officer stated that conditions have been recommended, 'although we would have preferred a site investigation up front'.

3. For all the above reasons, the decision to grant planning permission at this stage when the application in this form was not one that the Chief Planning Officer could reasonably take.

4.6 Mr. Justice Wyn Williams commented that the officer's report was lengthy and detailed and contained 'a long section in which it analysed what were described as the main issues in relation to the application.' (para 33). However, he concluded that it was unreasonable or irrational for planning permission to be granted in this case because of the officer's use of conditions and specifically the officer's approach to the provision of greenspace (condition 2) and to addressing contaminated land (conditions 14-20), both considerations being ones which the case officer identified as constituting main issues in the delegation report he prepared. Copies of the relevant conditions are attached as an appendix to this report.

4.7 With regard to the greenspace condition, the court was of the view that no reasonable decision-maker would have granted permission subject to such a condition without a clear and reasoned justification for its imposition and a careful appraisal of how it should be fulfilled. The Court also decided that it was unreasonable for permission to be granted when so many issues relating to potential land contamination were unresolved. The extent of any potential problem was simply unknown and it had been irrational or unreasonable for permission to be granted.

4.8 The greenspace condition was in a format which was often used, particularly at that time. Mr. Justice Wyn Williams makes reference to the relevant development plan policy N4, the fact that N4 (ii) permits the council to choose between requiring provision of land as greenspace or the payment of a sum of money and that it would have been open to the council to have entered into a section 106 agreement to that effect with the Claimants which would normally be executed before or at the time of granting planning permission. However that did not happen in this case, and there was nothing before the Court to demonstrate how the council intended the aims of that condition to be met. At paragraph 46 Mr. Justice Wyn Williams states:

"I stress that I am not reaching a conclusion that the condition in question was invalid. I confine myself to concluding that it was unreasonable or irrational to grant planning permission subject to such a condition".

4.9 Turning back to paragraph 45, the basis on which he said it was unreasonable or irrational was that:

"...so far as I can judge from the papers before me, no proper appraisal was undertaken of the legality of the condition or whether it would or could achieve what it was intended to achieve at any time before the planning permission was granted"

4.10 The Court also decided that it was unreasonable for permission to be granted when so many issues relating to potential land contamination were unresolved. The extent of any potential problem was simply unknown and it had been irrational or unreasonable for permission to be granted. Mr. Justice Wyn Williams commented as follows at paragraph 52:

“In my judgment, it was unreasonable for planning permission to be granted when so many issues relating to potential land contamination were unresolved. I appreciate that solutions can usually be found to overcome problems associated with land contamination. It does seem to me, however, that a reasonable local planning authority would have demanded much more information from the Interested Party before deciding to grant permission rather than grant permission subject to conditions when the extent of any potential problem was simply unknown. To repeat, land contamination was not identified as some peripheral issue in this case; it was identified as one of the main issues for consideration.”

4.11 Mr. Justice Wyn Williams placed significant weight on the exchange of correspondence between the case officer and the land contamination team in reaching his conclusion. In the consultation response the land contamination officer requested that further information be produced in light of the sensitive end use of the site (residential) and the history of the use of the site for commercial processes. What was required was an intrusive ground investigation to clarify the extent of any contamination that may exist. Influenced by the pressure to satisfy government targets for the determination of planning applications the case officer asked the question whether the need for intrusive site investigation could be conditioned. The reply given was there was a preference for the site investigations to be carried out prior to the grant of permission but in the circumstances a list of conditions were recommended to be attached to a planning permission. In this respect the following points should be noted:

- It is rare that the issue of contamination would go to the principle of development. More often than not it will be a case of agreeing a scheme of measures to render the site suitable for its end use (either through the removal of the contamination or preventing it from posing a threat to the end users of the site).
- The site is already developed and this limits the scope for intrusive investigation unless the site is cleared. It would clearly be unreasonable to require a developer or landowner to go to the expense of clearing a site in advance of any planning permission being granted.

5.0 Implications

5.1 The immediate implications from this judgment are of course that the planning permission (07/06905/FU) was quashed and therefore the application needs to be determined afresh ensuring that the flaws in the previous decision making process are properly addressed. With regard to any wider implications for Planning Services flowing from the judgment, the view of officers and counsel is that the decision is one that is based very much on its own facts. Mr. Justice Wyn Williams expressly stated that it was the lack of information before him to demonstrate both that the conditions were appropriate in this case and that the planning authority was clear about the aims of the conditions that led to his conclusion that it was unreasonable for planning permission to be granted with so much uncertainty left unresolved.

- 5.2 Officers did consider at the time whether to appeal the judgment, but concluded that as there were no wider implications this was not justified.
- 5.3 However, there are lessons to be learned, and in that regard it will be noted that since August 2009 (prior to the High Court judgment) it has not been the working practice of planning officers to attach conditions requiring a scheme of greenspace to be submitted. This matter is now dealt with by the use of Sec.106 Agreements. The extent of the greenspace provision (including where appropriate the payment of a commuted sum) will be agreed as part of the heads of terms of the legal agreement and the agreement itself will set out the terms of the provision of the greenspace. In the case of commuted sums this will include the identification of the area where the money is to be spent. The exception to this practice is where the application is submitted by the City Council – the City Council is not able to enter into a legal agreement with itself and therefore the only other realistic alternative is to impose a condition. Where such a condition is used the nature and the extent of the greenspace provision is agreed prior to the determination of the application and specified in the accompanying report.
- 5.4 It is clear that all planning applications should receive careful consideration and those statutory processes and best practices are adhered to. From time to time it will become apparent that particular decisions are at risk of being challenged by an interested party. This will most often be a result of matters of personal or commercial interest. In such circumstances the risk of a challenge being successful can be reduced through close consultation with colleagues in Legal Services. This could include advice and assistance in the drafting and preparation of reports and the construction of decision notices. It falls with the relevant Area Planning Manager and case officer to identify such cases and to ensure that the appropriate dialogue with Legal Services takes place prior to the issuing of the decision.
- 5.5 The way that Planning Services deals with the receipt of correspondence relating to planning applications has changed since 2008. Since February 2010 Public Access has been operational and this facilitates the submission of representations electronically and that correspondence is received straight onto the electronic planning application file. The case officer is alerted to its receipt via an email. Representations can also be submitted by letter and by email direct to the case officer. Such correspondence is then scanned onto the electronic file. However, if a letter is handed in at reception in a sealed envelope it will be placed in the internal post system. This is because of the regulations surrounding the submission of tender documents that requires such documents be opened at the same time. Accordingly, there can be a delay in such letters reaching the case officer.
- 5.6 The Judge did not find against the Council on the grounds of procedural unfairness. However, he was critical of the case officer in that he considered that the case officer's replies to direct questions about whether the application was to be reported to Panel were misleading. There is clearly a need for case officers to be open about such matters and they will be reminded of their obligation in this regard.

6.0 Costs of the case

- 6.1 At the Joint Plans Panel Meeting on 1 July, mention was made of the cost to the council of defending the Judicial Review proceedings. The council has now incurred barristers' fees of approximately £150,000 plus VAT and the in-house solicitors' costs of approximately £42,000.00. The council will also be responsible for some of the Claimants' costs although these have not as yet been quantified. It is not possible to

isolate with complete accuracy the costs associated with the 'planning' element of the challenge (because of the overlap) but a reasonable estimate would be approximately £12,000 plus VAT barristers' fees and in-house solicitor's costs of £5,500

- 6.2 Consideration was given to the possibility of settling the case rather than defend it, given the costs and uncertainties inherent in court proceedings. There was early consideration and exploration as to whether a settlement would be possible. A number of options were considered over a period of time. However, the view within the council, strongly supported by counsel, was that the council's case was very strong so far as the handling of the planning application was concerned. Accordingly it was ultimately decided that there was no justifiable basis for a settlement.

7.0 Conclusion

- 7.1 Overall, the Claimants have been successful in terms of obtaining the quashing of the permission but only on the basis of one fairly narrow aspect of their 4th ground, irrationality. The main thrust of their case centred on their assertion that the planning officer acted outside the scope of his delegated authority and this aspect was not ultimately successful.
- 7.2 The consistent advice that the council received from counsel throughout these proceedings was that the 'planning' grounds of challenge (i.e. grounds 1, 3 and 4) were weak and likely to fail. The focus of both parties was primarily on the more complex arguments surrounding Grounds 1 and 3. It is fair to say that it was not anticipated that the appeal would be successful on such narrow grounds.
- 7.3 The effect of the decision to quash the permission is that a fresh decision on the application is now required with regard to curing the defects identified by the Judge as fatal in the first decision. This is a permission relating to a stand alone development on a fairly small site and the quashing does not have any wider public interest implications in terms of the planning or regeneration of the area which would be affected as a result of the need for a further determination. The matter can be corrected through a proper and fair redetermination.

8.0 Recommendations

- 8.1 There are clear lessons that can be drawn from the High Court ruling and measures have already been put in place to improve the working practices within Planning Services. These include the use of Sec.106 Agreements (where appropriate) to secure greenspace provision and closer liaison with Legal officers on the most sensitive and complex of planning cases. In addition planning officers will be reminded of the need to be open with an applicant about how it is intended to progress with an application.

Background Papers

Planning application file: 07/06905/FU

High Court Judgment: 24/3/10

Appendix – Relevant conditions attached to planning permission 07/06905/FU

2. No development shall begin until a scheme for the provision of additional or improved greenspace, on or off site, to meet the needs of the development has been submitted to and approved in writing by the Local Planning Authority. The scheme shall include a timetable for the provision to be made and shall be carried out in accordance with the approved details.

Reason: To ensure the provision of greenspace in accordance with Leeds Unitary Development Plan Review (policies N2 and N4) and Supplementary Planning Guidance 4, Greenspace relating to new housing development.

14. Development shall not commence until potential land contamination at the site has been investigated and appropriate reports have been submitted to and approved in writing by the Local Planning Authority. Such investigations shall include as a minimum the preparation of a desktop study. The desktop study shall address the historical use and development of the site and its surroundings, the environmental setting, the potential for contamination to be present and the possible environmental risk it presents. If potentially significant risks are identified then an intrusive investigation involving characterisation of contamination and site ground conditions shall be undertaken. The site investigation report shall explain the methodology employed, an interpretative discussion of results and findings, a conceptual site model, a risk assessment and recommendations for further investigation/remediation.

Reason: To ensure that the presence of land contamination at the site has been determined and that the environmental risks it presents have been assessed.

15. Development shall not commence until a remediation statement has been submitted to and approved in writing by the Local Planning Authority, should the approved Phase II site investigation report conclude that remedial works are necessary. The remediation statement shall demonstrate how the works will render the site 'suitable for use' and shall describe the works in relation to the development hereby permitted. It shall include full details of any works to be undertaken, proposed site clean-up criteria, site management procedures and how the works will be validated.

Reason: To enable the local planning authority to determine whether the proposed remediation works will make the site 'suitable for use' and to ensure that contamination will not present any significant environmental risks.

16. Any works required by an approved remediation statement, including any additional intrusive investigation works or monitoring activities, shall not commence unless the local planning authority has received three working days' prior written notification of the date of commencement of such works.

Reason: To enable the local planning authority to monitor remediation works.

17. All remediation works shall take place in accordance with the approved Remediation Statement unless otherwise agreed in writing with the Local Planning Authority.

Reason: To ensure that the site is suitable for the development hereby permitted and that any contamination present at the site will not present a significant environmental risk.

18. In the event that remediation is unable to proceed in accordance with an approved remediation statement by, for example, reason of increased quantities of material to be moved or treated or contamination being more extensive than expected or other unforeseen circumstances, the Local Planning Authority shall be notified immediately. A revised remediation statement shall forthwith be submitted for the approval in writing of the Local Planning Authority. Works shall thereafter be carried out in accordance with the approved revised remediation statement.

Reason: To enable the Local Planning Authority to determine whether the proposed remediation works will make the site 'suitable for use' and to ensure that contamination will not present any significant environmental risks.

19. In the event that unexpected significant contamination is encountered during any development works including works required by an approved remediation statement, works in the affected part of the site must cease and the local planning authority shall be notified in writing immediately. The local planning authority may at this stage request that a remediation statement, outlining plans for further investigation and the proposed method of dealing with the contamination, be submitted for written approval prior to development works continuing in the affected part of the site.

Reason: To enable the local planning authority to ensure that contamination (expected or otherwise) at the site will not present any significant environmental risks and that the site will be made 'suitable for use'.

20. Within 3 months of the completion of the remediation works detailed in the approved remediation statement a validation report shall be submitted to and approved in writing by the Local Planning Authority. This report shall: -

- (i) Describe the remediation works carried out and any significant variations from the works set down in the approved remediation statement;
- (ii) Include and discuss substantiating data (analytical or otherwise), and
- (iii) Confirm that the remediation objectives set down in the remediation statement have been achieved.

Reason: To enable the Local Planning Authority to determine whether the site has been made 'suitable for use' and that contamination has been dealt with so as not to present any significant environmental risks.



Originator: Phil Garnett

Tel: ext. 51632

Report of the Assistant Chief Executive Corporate Governance

Corporate Governance and Audit Committee

Date: 15th November 2010

Subject: The Corporate Governance Statement Action Plan

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Summary

1. This report updates Members on the progress that has been made in implementing the Corporate Governance Statement Action Plan.
2. The Committee are recommended to consider the Corporate Governance Statement Action Plan and comment on any issues identified in relation to the work officers have undertaken to improve the Council's corporate governance arrangements.
3. The Committee is also asked to note the improvement activities completed so far this year, these are highlighted in grey on the Action Plan (see Appendix 1).

1.0 Purpose Of This Report

1.1 The purpose of this report is to update the Committee on the progress that has been made in implementing the Corporate Governance Statement Action Plan.

2.0 Background Information

2.1 The Committee approved the Annual Governance Statement for 2010 at its meeting on 29th September 2010.

2.2 The Annual Governance Statement is an audited public statement on the adequacy of the Council's governance arrangements. Section three of the Statement details the programme of improvement for significant governance issues. Based on the areas of improvement detailed in this section, and on any incomplete actions from the previous year, officers develop the 'Corporate Governance Statement Action Plan'. The Action Plan for 2010/11 is attached at Appendix 1 to this report.

2.3 In addition to being received by the Committee, the Action Plan is also updated and monitored by the Corporate Governance Board on a monthly basis. This also ensures that improvements identified are completed as the year progresses.

3.0 Main Issues

3.1 The Corporate Governance Statement Action Plan sets out the progress that has been made against each of the improvement activities.

3.2 The greyed out sections of the Action Plan denote that an area of improvement has been completed.

3.3 The Action Plan is completed to help provide a mechanism for keeping track on the progress in addressing shortfalls in governance arrangements.

4.0 Implications For Council Policy And Governance

4.1 By making progress against the Action Plan the Council is improving its governance arrangements.

5.0 Legal And Resource Implications

5.1 There are no legal or resource implications.

6.0 Conclusions

6.1 The updated Action Plan shows that progress has been made against the identified improvement activities. However, work on these needs to continue so that the Council can continue to make progress in achieving good governance standards.

7.0 Recommendations

7.1 The Committee are recommended to receive the Corporate Governance Statement Action Plan and consider whether any issues outlined in the plan require further detailed consideration of the Committee.

Background Documents Used

1. Annual Governance Statement 2010.
2. Report to Corporate Governance and Audit Committee of 29th September 2010
3. Corporate Governance Statement Action Plan 2010/11 (see Appendix 1).

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Corporate Governance Statement Action Plan 2010/11

Assistant Chief Executive (Corporate Governance) 2009/10 Actions		
Improvement Activity	Progress	Due for Completion
Establish a framework of Directorate and professional lead officer assurances as part of the appraisal process.	A framework of assurances has been established for governance lead officers. Further consideration is being given to the value of and potential extent of a directorate based assurance framework.	To be confirmed
Assistant Chief Executive (Corporate Governance) 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
Review the Council's internal control arrangements to ensure that they are proportionate to its risks.	To initiate this work a report will be presented to the November meeting of the committee outlining the challenges arising from the Comprehensive spending review.	September 2011
Consideration will be given as to how failure to update a sub-delegation scheme may be escalated to prompt compliance. Directors' assurance templates may also add value in this area if introduced, as they could include the arrangements in place to ensure that Sub-Delegation Schemes are up to date.	Escalation arrangements have been introduced from the Head of Governance Services to the relevant Director/Chief Officer and where necessary to the Assistant Chief Executive (Corporate Governance). The Head of Governance Services provides an overview of arrangements to ensure that sub delegation schemes are in place for those with direct and concurrent delegations. Updates to sub delegation schemes are required when new Directors/Chief Officers are appointed or when acting arrangements are introduced. A review is also required after each Annual Council Meeting.	Completed.
Better alignment is required of the Financial Procedure Rules, Contracts Procedure Rules, Executive Procedure Rules and decision making framework.	Work has commenced between the Assistant Chief Executive and relevant Chief Officers.	March 2011
The guidance for report authors needs to be updated to advise authors on the duties to which they need to have regard	The guidance to report authors and the report templates for reports to committees is in the process of being reviewed. Core cities and local comparator authorities are being evaluated with a view to	January 2011

Corporate Governance Statement Action Plan 2010/11

such as exempt information and arguments to support the public interest test.	revised guidance being available in the new year.	
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Corporate Governance Statement Action Plan 2010/11

Assistant Chief Executive (Planning, Policy and Improvement) 2009/10 Actions		
Improvement Activity	Progress	Due for Completion
Complete audit of consultation activity and staff capacity in community engagement, and develop action plan as appropriate.	Audit of staff consultation capacity was completed June 2009 but has been superseded by DECATS auditing during 2010.	November 2010
	<p>A gap analysis has been completed of the council's strategic arrangements for engagement (of all kinds, not just consultation) was commenced in August 2010. This sets our current arrangements for engaging communities against a range of criteria set by CIPFA, the Equality Framework, Compact for Leeds and other sources. This work now needs to involve the Corporate Consultation Group and develop recommendations on the ways to address the identified gaps.</p> <p>Options for improved support arrangements for delivery of consultation work exist but this will be linked to the outcomes of the gap analysis as described above.</p>	
Review of the Community Engagement Strategy	To follow the outcome of the gap analysis work above to reflect any new arrangements.	Early 2011
Research to understand what we do well and what needs improving when we communicate with and consult residents	Joint Project Board consisting of council and PCT members. Survey element completed end August 2010. External funding was not forthcoming so the project scope has been revised. The focus group elements of work to follow up the survey results has been completed. Report due to go to Strategic Planning and Policy Board in Nov 2010.	Nov 2010

Corporate Governance Statement Action Plan 2010/11

Chief Officer(Leeds Initiatives and Partnerships) 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
<p>The Vision for Leeds, Leeds Strategic Plan and Council Business Plan will be reviewed and revised during 2010/11. In addition the Performance Management Framework will be reviewed to strengthen partnership performance management arrangements.</p>	<ul style="list-style-type: none"> • A draft Vision has been developed with an overall vision statement and three underpinning aims. A public-facing consultation approach for the Vision has been agreed a variety of methods developed to engage a broad range of audiences. This will launch in Sept and run until Dec. • Proposals for changes to the planning framework, partnership structures and performance management framework are also being developed and discussed. The aim is to ensure better alignment and to strengthen the partnership delivery and performance management role. The role and function of the key plans is currently being debated with key stakeholder. • At the same time work is also on-going to develop the priorities for these plans building on the challenge event on the Leeds Strategic Plan (LSP) held in June and consultation on the new Business Plan. These priorities are still being developed and are due to go to CLT and Partners in November. These proposals will go to Scrutiny in Jan/Feb with the final plans being ready for the new financial year. 	<p>Completion date April 2011</p> <p>Next update Dec 2010</p>
<p>Arrangements to secure data quality are not fully embedded and complied with, therefore work will continue to raise awareness of the importance of data quality. The development of the Data Quality Management Framework in 2010/11 will provide a mechanism for</p>	<ul style="list-style-type: none"> • New data quality audit arrangements were implemented at Q1 for the key performance information used in corporate and partnership accountability processes. This ensured that the DQ traffic light reported against each indicator has a more robust basis. Audit and improvement work is now focused on the indicators where there are concerns. In addition a review of corporate performance indicators was undertaken as a result of 	<p>Next update Dec 2010</p>

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<p>monitoring data quality going forward.</p>	<p>the removal of CAA and the freedom this provided. Data quality was taken into account as part of the decision about which PIs to continue reporting at a corporate level.</p> <ul style="list-style-type: none"> • DQ Management Framework has been developed and is being tested and reviewed prior to approval. However work has already started to implement these principles in our key systems. DQ issues are currently being identified in each system and an action plan for improvement developed. 	
<p>Better co-ordination of consultation and engagement through the development of a Council wide forward plan of activities and developing the role of the Consultation Group</p>	<p>The consultation group is fully constituted and reports to Strategic Planning and Policy Board, and to the partnership wide Leeds Strategic Involvement Leads (LSIL) group.</p> <p>An initial council wide forward plan has been developed using information from 2010-11 service plans. 380+ separate consultation projects are currently scheduled, but, this does not cover all services and key information is still missing especially the dates, spend and staff hours per project. A report on this work is due to go to Strategic Planning and Policy Board in November.</p> <p>All this work is linked to a similar partnership mapping exercise through the Strategic Involvement Group (SIG).</p>	<p>Completed</p> <p>November 2010</p> <p>Ongoing</p>

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Chief Officer (Financial Management) 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
Development of a new Medium Term Financial Plan to reflect the changed financial climate facing the Council. To be reviewed in Summer/Autumn 2010 in line with the review of the Council's Business Plan	High level Strategy prepared for Exec Board on 13 th October. New MTFP on schedule to be approved by full Council in February 2011.	February 2011
Financial Procedure Rules to be reviewed and modernised.	Initial scoping of review commenced. Detailed plan still to be developed. Initial scoping of the review will determine the implementation and review dates.	Officer group established and initial scope and actions agreed. April 2011 target completion date
Improved financial reporting and accountability, including the roll out of the new FMS projections module.	The new FMS projection module went live in June 2010. High level of completion by budget holders. Customer satisfaction survey currently being developed. Review of budget reporting in Adult Social Care has been undertaken. Improvements in budget monitoring for property maintenance actioned.	Full review of the module to be completed in the next quarter. Proposed changes have been implemented Completed

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	Confirmation now being sort as to whether there are any further areas not monitored through FMS.	December 2010
	Reviews of information supplied to DMTs linking financial and activity data now built into Heads of Finance appraisals.	Ongoing

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Chief Officer (Human Resources) 2009/10 Actions		
Improvement Activity	Progress	Due for Completion
Review safeguarding arrangements and develop and implement action plan to address findings.	In light of the coalition government's review of arrangements regarding the implementation of ISA, a further review has taken place on the impact of the proposals in Leeds. Part of these proposals is to consult management teams for discussion. Feedback from these discussions will form the basis of a further report to CLT in November.	November 2010
Regular review of the employee Register of Gifts and Hospitality and Register of Employee Interests to evaluate effectiveness of administrative arrangements and to provide guidance for Directors/Chief Officers on reviewing their returns.	<p>The processes supporting the Register of Gifts & Hospitality and Register of Interests were reviewed in 2009 and again in 2010. Improvements to the processes have been identified and are being implemented.</p> <p>Revised guidance notes have been drafted and will be distributed in late 2010 to coincide with the updating of the officer code of conduct and the scheduled collation of declaration of interests (November 2010).</p>	Process of Annual Review in Place
Ensure processes are in place so that employees can flag potential conflicts of interests to demonstrate that employees of the Council are not influenced by prejudice, bias or conflicts of interest when taking decisions.	Amendments to the Officer Code of Conduct have been discussed informally with Trade Union reps. Trade Unions have verbally indicated that they are comfortable with the changes and will be able to endorse the changes once an EIA is completed. Register of interest process has also been reviewed.	Process of annual review in place
Procure Self Service Provider	BSC currently in final stages of process to procure a supplier to deliver managers desk/top/employee self service.	November 2010
Implement Self-Service.	The first project team meeting has taken place. Phased delivery and roll-out due to commence in April 2011, projected completion date September 2011.	September 2011

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Develop Leadership and Management training /briefings.	A new framework contract has been established with QA to deliver Leadership & Management training following the success of this training in 9/10.	Complete
Review the extent to which the Council's Appraisal Framework is embedded within Services.	Review complete of how well councils appraisal framework is embedded. Review complete – led to actions below.	Complete
Chief Officer (Human Resources) 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
Leeds Manager Project	Briefings on key policies for managers have been completed. The Leeds manager Project is being established and is due to formally commence as a project by the end of the year.	December 2010
Undertake a light touch review of the Officer Code of Conduct and introduce the amended version during 2010.	Amendments to the Officer Code of Conduct were signed off by trade unions at CNG on 28 October 2010.	Complete
Communicate Register of Interest and Gifts & Offers of Hospitalities.	Processes reviewed, improvements being implemented, due to be communicated by end of year.	December 2010
An audit of employment policies will be undertaken to establish whether they are fit for purpose, effectively communicated and embedded and routinely complied with. A rolling programme will also be developed to ensure that managers can effectively operate employment policies.	A schedule of all People Management policies and procedures has been established which lead officers actively update. This is to be reviewed through quarterly Head of HR accountability meetings. Rolling programme of review of appropriate policies to be agreed with Heads of HR at accountability meetings.	December 2010
Appraisal completion rates to be monitored and reported on	Recording and reporting on completed appraisals is now taking place using SAP.	Complete
HRBP's work with services to achieve	Appraisal completion rates used by HRBP's to increase the number	December 2010

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Business Plan appraisal completion.	of appraisals completed and recorded.	
An independent review of health and safety suggested that a number of improvements were required to ensure arrangements are current and fit for purpose. Action Plan is required to address the identified issues.	Health and Safety Team structure has been reviewed and is being implemented. H&S project established. Three year H&S strategy has been drafted and a strategy board is being set up to address recommendations.	In progress, plans in place

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Chief Procurement Officer 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
Training will be provided to officers who are involved in procurement activities to ensure a consistent approach, and to increase awareness of legal updates and the Remedies Directive.	Access to training, both CPR's and the Certificate of Competency modules, is available on an open basis with the sessions held on a periodic basis. Specific bespoke training is now taking place in 2010 within Adult Social Care, Children's Services and ICT with the other directorates receiving such training on a rolling basis during 2011. A Remedies Directive Masterclass was held on 24 th March 2010 which was open to all Directorates.	Ongoing
There is no proactive monitoring by the Procurement Unit to confirm whether Contracts Procedure Rules are currently being complied with by Directorates. Therefore, procedures and reporting guidelines will be developed and implemented to address this.	Plans are in place to develop a strategy for pro-active monitoring of CPRs. Reference has already been made in draft Contract Management Guidance for the need to comply with CPRs. However, we are looking at using the contracts diary and off-contract spend information to establish a process of "spot checks" for compliance with CPRs. In this regard, it may be appropriate for a report to be brought to the Legal and Procurement Decisions Group detailing proposed Directorate spend over the forthcoming 6 months along with the results of any spot checks made.	To be completed 30 th November 2010

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Chief Officer (Audit and Risk) 2009/10 Actions		
Improvement Activity	Progress	Due for Completion
Embed formal risk management into significant partnerships and engage partners in directly inputting to shared risk registers.	<p>Registers housed on the new risk management software will be accessible by external partners subject to the signing of appropriate information sharing / access rights agreements.</p> <p>The software is now in its final testing stage and pilots are expected to begin Dec 10 / Jan 11.</p> <p>Internal Audit has carried out a central review of partnership risk management to provide assurance on Governance Services' Partnership toolkit and Governance Framework for significant partnerships and also monitoring and compliance arrangements. The recommendations made are being addressed by the Head of Governance Services with, as yet, no specific actions from Risk Management Unit.</p> <p>Governance Services' review in 2009 indicated that 39% of our significant partnerships may not have formal risk management processes in place. (14% responded 'N/A', 39% 'No'.) The RMU will therefore focus its work over the next 2 years on these.</p>	Review January 2011
Ensure risk assessments within reports for key decision-making are consistent and of a scaleable level of rigour in accordance with the significance of the decision.	<p>The Principal Risk Management Officer has held initial discussions with the Head of Governance Services as this improvement activity forms part of a wider piece of work to revise the reports for decision-making template and associated guidance.</p> <p>The RMU has carried out a benchmarking exercise with the Core City local authorities on risk assessments within decision-making. The findings should then be used to inform revisions to the LCC</p>	Review January 2011

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	<p>template and guidance.</p> <p>In addition to this work, the RMU has incorporated 'risks within reports for decision-making' in its training provided to CGAC and Executive Board members and will add this guidance to the revised members' induction packs later in the year.</p>	
Roll-out of risk management software across Council, with training for all users	<p>As noted above, the RM software is in its final phase of testing. The RMU then has several major pieces of work to do before the pilots can begin. The RMU is still aiming to roll out the system from April 2011 but this is dependent on staffing capacity and the success of the pilots.</p>	Review January 2011
Chief Officer (Audit and Risk) 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
The Council needs to ensure that it has a corporate and systematic approach to securing value for money as a contribution to the Council's response to economic pressures.	<ul style="list-style-type: none"> • Further refinement of the medium term financial strategy. • The VfM interest area on the intranet was launched. • Internal Audit and business analysts have been engaged on a number of projects across the Council, notably Adult Social Care, Streetscene and Changing the Workplace. • The VfM alert service has been set up. • Work has started on the review of support functions identified as part of the DECATS process, from which £68m of savings has been included in the medium term financial strategy. • Internal Audit VfM studies nearing completion; emerging findings would indicate significant potential for efficiencies. 	Review April 2011

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Chief Officer (Business Transformation) 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
<p>Policies to govern the management and secure handling, storage, disposal, and sharing of information assets are not yet current and fit for purpose. The Government Protective Marking Scheme, new Records Management Facility and the Electronic Document and Records Management System will be rolled out over the next 12 months. Key policies will be in place by March 2011.</p>	<p>Protective Marking now part of Information Governance project. Government Protective Marking Scheme workshop for Information Compliance Officers and Records Managers to be undertaken on 7th December.</p> <p>Following policies to be signed off by Information Governance Management Board on 11th November: Protective Marking & Asset Control; Clear Desk & Clear Screen; Removable Media & Mobile Computing;</p> <p>Acceptable Use Policy is out for initial consultation;</p> <p>Information Security Policy is currently being reviewed.</p> <p>Information Sharing policy in initial draft – going out for consultation w/c/ 1st November.</p> <p>Information Assurance Sub-Group established – Terms of Reference agreed and workplan being developed.</p> <p>Records Managers group established – Terms of Reference agreed and workplan being developed.</p> <p>Potential training options for information compliance identified.</p>	<p>Policies to be signed off by end of 2010</p>

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	<p>West Yorkshire Information Sharing Protocol adopted by Council.</p> <p>Internet Usage Rules being updated – will go to Information Governance Management Board for agreement.</p> <p>Social Networking Policy being developed by Corporate Communications.</p> <p>Procurement of Electronic Document and Records Management System has been significantly delayed in the past 12 months as a result of a number of changes in procurement rules. However, these have all been addressed in the past year and we have now completed the Evaluation exercise and identified the preferred supplier. During November 2010, work will continue to finalise the business case and engage the supplier on Phase 1 delivery.</p> <p>Policies on Scanning, Legal Admissibility and Email Management require input from Electronic Document and Records Management System supplier and will be started as soon as Electronic Document and Records Management System contract is awarded.</p> <p>A decision about the future of the Records Management Facility is linked to the outcome of the business case for Changing the Workplace to be considered at Executive Board (August 2010).</p> <p>In light of decision undertaken at Executive Board, an options paper for the Records Management Facility and an interim solution, is to be considered by the Assistant Chief Executive (Planning, Policy & Improvement) in early November 2010.</p>	
<p>The Information Governance Framework is not fully embedded across the Council, therefore it will be reviewed and aligned</p>	<p>The Information Governance Framework is currently being reviewed.</p>	<p>Expected that all will be complete by March 2011</p>

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<p>with the Information Assurance Maturity Model and the Security Policy Framework, and a communications plan will be developed.</p>	<p>An Information Assurance strategy is being developed which is aligned with the Information Assurance Maturity Model and Security Policy Framework (Draft ready by Sept 2010). Initial assessment of Information Assurance Maturity Model has been undertaken - tactical plan for achieving level 1 and strategic plan for developing higher levels of maturity have yet to be developed. Communication plan will be developed as part of Information Governance Project (Dec 2010).</p> <p>Draft Information Assurance Strategy going out for initial consultation w/c 1st November.</p>	
<p>Arrangements are not currently in place to ensure that information assets are identified and risk managed, therefore an Information Asset Register will be created, Information Risk Management and Information Sharing Policies will be drafted and a report will be prepared setting out proposals for the Assistant Chief Executive (Planning, Policy and Improvement) to adopt the role of Senior Information Risk Owner.</p>	<p>Report prepared for Corporate Leadership Team on Information Assurance and to endorse Asst CX (Planning, Policy & Improvement) as Senior Information Risk Owner.</p> <p>Risk Management Regime will be developed once Information Assurance Strategy agreed.</p> <p>Senior Information Risk Owner role adopted by Asst Chief Exec (Planning, Policy & Improvement) (June 2010).</p> <p>Initial compilation of Information Asset Register will be complete w/c 1st November. Work will then be undertaken to identify key information assets, Information Asset Owners and potential risks. Information Asset Register will be used to develop information risk management regime.</p> <p>Information Sharing Policy in initial draft. Information Risk Management Policy yet to be drafted (2010/11). Corporate ICT leading on the development of Information Incident Management policy, to be signed-off by Feb 2011.</p>	<p>Expected that all will be complete by March 2011</p>

Corporate Governance Statement Action Plan 2010/11

Chief Officer (Legal, Licensing and Registration) 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
A planned realignment in legal services will free-up senior officer time to increase the effectiveness of arrangements to communicate statutory obligations to relevant decision makers.	Draft proposals have been issued for consultation with affected staff.	March 2011

Corporate Governance Statement Action Plan 2010/11

Head of Governance Services 2009/10 Actions		
Improvement Activity	Progress	Due for Completion
Implement programme of training to assist Leeds City Council members, Parish and Town Councillors, and certain officers with understanding the new Members' Code of Conduct (anticipated sometime in 2009)	Awaiting clarification, to be provided in the decentralisation and Localism Bill to be published in October, as to whether a National Members' Code of Conduct is to be retained. Awaiting publication of new Code.	Awaiting the localism bill
Review of the suite of Local Codes and Protocols to assess their relationship with the Members' Code of Conduct and the appropriate avenue for dealing with breaches of such protocols.	The review is in progress, a key part of which is consultation with the Member Management Committee. The outcome of the review is due to be reported to Standards Committee in 2010. The review is in progress, a key part of which is consultation with the Member Management Committee. The outcome of the review is due to be reported to Standards Committee early in 2010.	Originally March 2010 but with the uncertainties around the future of the national Members Code of Conduct, now deferred until the outcome of the localism.
Head of Governance Services 2010/11 Actions		
Improvement Activity	Progress	Due for Completion
Review of the processes involved in delegated decision making and the	A further review of the guidance notes will follow once the work being undertaken by the ACE (Corporate Governance) and Chief	Pending outcome of review

Corporate Governance Statement Action Plan 2010/11

related guidance notes to ensure that they are fit for purpose	Officers from Finance and Procurement to better aligned procedure rules has concluded.	
There is no communication plan in place for the responsibilities set out in Parts 2 and 3 (Sections 1-4) of the Constitution, therefore a plan will be developed and implemented, particularly aimed at more clearly communicating Member, Committee and officer responsibilities	Work is underway to document a communication framework. This will provide for a number of differing communication methods to be utilised which will be targeted to a variety of audiences.	January 2011
To increase awareness of the role and responsibility of lead officers for significant partnerships and the low take-up of training on partnership governance, new lead officers will be advised of their role and responsibilities as soon as their partnership is added to the register, and they will be invited to training at least annually. An offer will also be made on a regular basis to attend DMTs to provide training, and Directors will be advised of training for lead officers to encourage take-up.	New lead officers are now advised of their role and responsibilities as soon as their partnership is added to the register. Lead Officers are also now invited to training at least annually. Further to this an offer will also be made on a regular basis to attend DMTs to provide training, and Directors will be advised of training for lead officers to encourage take-up.	Completed
A communication plan will be developed to increase awareness of all Leeds City Council Members of the local assessment process.	A broad range of communication tools have been established with individual members, group whips and group leaders. These are in the process of being brought together and documented in a communication plan.	Completed August 2010

Corporate Governance Statement Action Plan 2010/11

Performance Manager 2009/10 Actions		
Improvement Activity	Progress	Due for Completion
Continue to monitor Service Plans and Area Delivery Plans to ensure they are aligned to the Leeds Strategic Plan and Council Business Plan.	<p>As reported above the planning framework is currently being reviewed.</p> <p>A review of the service planning guidance and templates is underway with a view to simplifying and giving services more flexibility in terms of the corporate requirements.</p>	Update in Nov 2010



Originator: Phil Garnett

Tel: 51632

Report of the Assistant Chief Executive (Corporate Governance)

Corporate Governance and Audit Committee

Date: 15 November 2010

Subject: Work Programme 2010/11

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 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.

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 2010/11 is attached at Appendix 1.

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

3.4 The work programme attached is the previously seen work programme, this work programme is subject to change following review against the Corporate Risk Register and the Annual Governance Statement.

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 2010/11**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
14th December 2010 – 2pm		
Leeds City Region Governance Arrangements	To receive a report updating the Committee on developments in the governance arrangements of the Leeds City Region. (This report was requested as the meeting held on 12 th May 2010 during discussion on the governance developments of the Leeds City Region)	Chief Officer (Leeds Initiative and Partnerships) Kathy Kudelnitzky
PDAs and Removable media	To receive a report detailing the security arrangements in place for PDA devices and other removable media issued by the Council. (This report was requested during the meeting held on 29 th September 2010 during the discussion in IT security arrangements)	Chief Officer (Business Transformation) Lee Hemsworth
Leeds City Region Governance Arrangements	To receive a report to ensure that the Council is in a position to engage with and influence the decisions taken by the proposed governance arrangements for the Leeds City Region. (Further reports requested at the meeting held on 10 th February 2010 with regards to the Governance arrangements of the Leeds City Region)	Chief Officer (Leeds Initiative and Partnerships) Kathy Kudelnitzky
Council Complaints Process	To receive a further report detailing how the complaints process is moving forward and information about complaints made to the Council including the costs of dealing with complaints and arrangements for lessons learned.	Customer Relations Manager Wendy Allinson
24th January 2011 – 10am		
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 2010/11**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
Standards Committee current position	To receive a report updating the Committee on developments in the Standards Regime. (This report was requested by the Chair of the Committee and the Assistant Chief Executive Corporate Governance to clarify the latest position in relation to the Standards regime on 26 th July 2010)	Head of Governance Services Andy Hodson
14th February 2011 – 2p.m.		
KPMG report on certification of Grants 2009/10	To receive a report updating the Committee on work undertaken by KPMG in relation to Grants and Returns. (Annual report prepared by KPMG)	Chief Officer Financial Management Doug Meeson
21st March 2011 – 10a.m.		
Information Security Annual Report	To receive a report on the Council's Information Security arrangements.	Chief Officer (Business Transformation) Lee Hemsworth
18th April 2011 – 10a.m.		
Annual Audit and Inspection Letter	To receive a report presenting the Annual Audit and Inspection Letter 2010/11.	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
WORK PROGRAMME 2010/11**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
Corporate Governance and Audit Committee Annual Report 2009/10	To receive a report presenting the draft Corporate Governance and Audit Committee Annual Report 2010/11.	Head of Governance Services Andy Hodson
11th May 2011 – 10a.m.		
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 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. (The annual report to the Committee to gain assurance that Key and Major decisions are being made in line with procedure)	Head of Governance Services Andy Hodson
Planning Decisions Process	To receive a report to gain assurance of the process by which planning decisions are taken by the Council. (This report was requested at the meeting held on 12 th May 2010 during discussions on the process by which planning decisions are taken by the Council)	Chief Planning Officer Phil Crabtree

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE
WORK PROGRAMME 2010/11**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
Un-scheduled items for 2010/11		
Value for Money Arrangements	To receive a report regarding the Council's arrangements in relation to achieving Value for Money. (Report to be brought to the Committee to gain assurance that value for money is being achieved across the Council)	Director of Resources Alan Gay
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. (Report to be brought to the Committee to gain assurance on the process used by Children's Services to measure its own performance)	Director of Children's Services Nigel Richardson
Council and Partner responses to anti-social behaviour	To receive a report detailing the results of the anti-social behaviour process review. (Report requested at the meeting held on 17 th March 2010 following the overview of Council responses to anti social behaviour)	Chief Officer Community Safety Simon Whitehead
Corporate Performance Management	To receive a report detailing the wider corporate performance management governance adopted by the authority, that enables early warning of possible severe failure, rather than relying on inspection from external bodies. (Report requested at the meeting held on 17 th March 2010 following discussion of the Ofsted and care Quality Commission Inspection of safeguarding and looked after Children's Services in Leeds)	Assistant Chief Executive (Planning, Performance and Improvement) James Rogers
ALMO Annual Assurance Report	To receive the Annual Assurance report from Strategic Landlord based on the assurances received from the ALMOs. (To be brought to the Committee in June 2011)	Strategic Landlord John Statham

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE
WORK PROGRAMME 2010/11**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
KPMG Interim report on the Statement of Accounts	To receive a report providing assurance to the Committee on the Statement of Accounts. (Proposed to be brought to Committee in June 2011)	Chief Officer (Financial Management) Doug Meeson
KPMG report on Financial Statements Audit Plan	To receive a report updating the Committee on the Financial Statement expanding on the Audit Plan Letter. (Proposed to be brought to Committee in June 2011)	Chief Officer (Financial Management) Doug Meeson
Compliance with Contract Procedure Rules	To receive a report informing the Committee of the Control arrangements in place to ensure compliance with Contract Procedure Rules across Directorates, particularly whether they are fit for purpose, how the arrangements are communicated and what the issues and risks are in terms of the arrangements being embedded. (requested by the Committee at its meeting held on 29 th September 2010 during discussion of the annual Governance Statement)	Chief Procurement Officer Wayne Baxter
Impact of Disbanding the Audit Commission	To receive a report on the impact of disbanding the Audit Commission, on how the assurance framework is assessed and reported to the Committee. (requested by the Committee at its meeting held on 26 th September 2010 during discussion on the disbanding of the Audit Commission)	Chief Officer (Audit and Risk) Tim Pouncey
6 Monthly Update Report on risk Management	To receive a report updating members on the Council's risk management arrangements. (This report is part of the Committee's annual work programme)	Chief Officer (Audit and Risk) Tim Pouncey

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