

Report of the Director of Resources and Housing

Report to: Corporate Governance and Audit Committee

Date: 26th June 2018

Subject: Annual assurance report on corporate risk and performance management arrangements

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: N/A Appendix number: N/A	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This annual report presents assurances to the Corporate Governance & Audit Committee on the effectiveness of the council's corporate risk and performance management arrangements: that they are up to date; fit for purpose; effectively communicated and routinely complied with. It explains the current arrangements and an update on work planned during 2018/19 to review the authority's Risk Management Policy, Performance Management Framework and Best Council Plan. The review will include consideration of key performance indicators and reporting as well as key themes around accountability, improved benchmarking and service/project value for money, together with latest guidance, updated standards and any changes in statutory / government requirements of risk and/or performance management in local authorities.
2. The report provides one of the sources of assurance the Committee is able to take into account when approving the Annual Governance Statement. It also enables the Committee to fulfil its role under the council's Risk Management Policy and the Committee's own Terms of Reference to review the 'adequacy of the council's Corporate Governance arrangements (including matters such as internal control and risk management)'.

Recommendations

Corporate Governance & Audit Committee is asked to receive this report on the council's corporate risk and performance arrangements and note the assurances in support of the Annual Governance Statement, due for consideration and approval by this Committee at today's meeting.

1 Purpose of this report

- 1.1 This annual report presents assurances to the Corporate Governance & Audit Committee on the effectiveness of the council's corporate risk and performance management arrangements: that they are up to date; fit for purpose; effectively communicated and routinely complied with.

2 Background information

- 2.1 On 23rd June 2017 Corporate Governance & Audit Committee received the previous annual assurance report on the council's corporate risk and performance arrangements. This current report updates the Committee on arrangements during 2017/18 and summarises work planned for 2018/19.
- 2.2 In 2016/17 all intelligence-related functions, including risk and performance, were included within the scope of a broader review of the council's support services. This resulted in the formation of the Intelligence and Policy Service (IPS) on 1st April 2017, bringing together most of the staff from across the council working on risk management, performance management, data analysis, mapping (e.g. ward and locality profiles), policy development, business planning and strategy, and consultation and engagement.

3 Main issues

3.1 *Best Council Plan & Performance Management 2017/18*

- 3.1.1 For an organisation's risk and performance management arrangements to be effective, its strategic objectives and supporting key performance indicators (KPIs) must be up to date, effectively communicated and monitored and action taken as appropriate. During 2017/18, assurance on the adequacy of the performance management was demonstrated by the following:

- The strategic ambitions, outcomes and priorities of the council are set out in the Best Council Plan (BCP) which was updated in 2018 (covering the period 2018 to 2021) and was approved by Full Council on 21st February 2018. The updated BCP takes into account local and national developments, policy developments, the latest socio-economic analysis, local and regional partnership plans and the council's budget-setting processes. The BCP was developed through engagement with partners, officers, and members, including Scrutiny members.
- The updated BCP maintains the clear, strategic message around Best City - a strong economy in a compassionate city, articulating what the council and its partners are doing to work towards this ambition, thereby tackling poverty and reducing inequalities. The Best Council ambition of being an efficient and enterprising organisation supports this.
- Whilst there were no changes to the vision, ambitions, the population outcomes or the underpinning council values, some refinement was made to the Best City priorities. These updates reflect our key interconnected strategies: the Leeds Inclusive Growth Strategy and the Leeds Health and Wellbeing Strategy. Two new priorities on Housing and Culture have also been developed.
- The Best Council Plan 2018/19 – 2020/21 was published on the Best Council Plan webpages on the authority's Internet (leeds.gov.uk) and Intranet ('Insite')

sites and widely communicated through promotion on the front page of Insite and items in the 'Essentials' online newsletter sent to staff and members. Hard copies of the 'Plan on a Page' were distributed to elected members, senior officers and council buildings with the full 24-page document provided to Executive members, leaders of the political parties, group offices and the Corporate Leadership Team (comprising the council's directors and Chief Executive). In addition, following feedback from the Chairs of the Community Committees through the consultation process to develop this latest Best Council Plan, hard copies were distributed to the council's libraries and Community Hubs. At the time of writing, hard copies are also due to be shared with the trade unions through discussion at June's Corporate Joint Consultative Committee. Additional social media opportunities to promote and share the Best Council Plan priorities are further being explored.'

- At the time of writing, the Insite BCP page has been viewed around 1,300 times (with around 900 unique visitors) between late May and mid-June 2018; the leeds.gov BCP pages receiving 63 hits (46 unique visitors) for the same period.
- The updated BCP was developed in conjunction with the 2018/19 Budget with initial proposals for both considered by the Executive Board in December 2017, with final proposals and subsequent approved by Full Council in February 2018. This co-development helped ensure the alignment of the council's strategy with the allocation of resources.
- A one-page document is being prepared to illustrate the alignment of the 2018/19 net revenue budget with the BCP 2018/19 to 2020/21. This will be published on the authority's internet and intranet sites and communicated to staff and members through the internal Essentials online newsletter.
- Beyond the authority's financial plans, the BCP continues to draw on and link with a range of other supporting council and partnership plans. As well as the Leeds Inclusive Growth Strategy and the Leeds Health & Wellbeing Strategy, the updated BCP also makes full reference to other supporting plans including the Leeds Culture Strategy, Safer Leeds Plan; Children & Young People's Plan; Better Lives Strategy; Leeds Housing Strategy; Leeds Core Strategy and the Leeds Transport Strategy amongst others.
- The Executive Board, Scrutiny Boards, Community Committees and partnership boards (e.g. Children's Trust Board and Health and Wellbeing Board) receive relevant performance information on the delivery of these related and supporting plans.
- Scrutiny Boards consider additional performance reports on areas relevant to their portfolios, incorporating both BCP and wider operational performance. The content and frequency of the performance reports is determined by the requirements of each Board. IPS staff are involved in the production and reporting of performance information to Scrutiny Boards.
- The updated BCP incorporates the most relevant Key Performance Indicators (KPIs): a set of over 50 'Best City' KPIs to help measure progress over time against the 8 outcomes and 7 priorities set out in the BCP. The majority of these are taken from the supporting council and partnership plans, facilitating a consistent view of performance. The Best City KPIs are supplemented by an additional 16 'Best Council' KPIs that help measure progress against our Best Council ambition of being a more efficient and enterprising organisation. Other KPIs will be added as they are developed and agreed.

- Consideration of improvement both in outcomes and services is part of leadership and professional practice in directorates and services. This includes contributions to the BCP and associated city strategies. It includes: consideration of the voice of customers, clients and citizens; use of professional evaluation, including external challenge; and use of analysis and performance information. Engagement with partners in benchmarking and in sector-led improvement activity is part of this. This is underpinned by promoting a culture of high support and challenge and enabling this through promoting the service availability, ownership and application of performance information and shared people and place intelligence.
- Progress in delivering the BCP ambitions, outcomes, priorities and breakthrough projects, together with items raised by directors themselves, is reported quarterly to the council's Corporate Leadership Team (CLT) consisting of the Chief Executive and senior directors. This report facilitates cross-council ownership and discussion of specific areas and prompts follow up action as needed. Directors are also able to discuss relevant issues with Executive members.
- The quarterly report includes the 'BCP Scorecard': an appendix containing the KPIs that help measure progress on the BCP in delivering better outcomes for both the city and the organisation in-year and in the longer term. The BCP Scorecard shows the direction of travel against an appropriate comparator, thus providing directors with a clear insight into the council's overall performance against the BCP. The details in the scorecard were improved in 2017/18 with the inclusion of wider contextual information behind the indicators such as benchmarking against the results of other local authorities where available.
- The BCP scorecard is published quarterly on the council's website and the Leeds Observatory, alongside data relating to population, crime, deprivation, health, the economy and the environment. The Observatory helps make nationally and locally sourced anonymised information accessible by a range of areas and localities. This is in line with our commitments towards open data and is complimented by Leeds contribution to making data sets available on Data Mill North.
- The BCP is used to help inform appraisal objectives set for all council staff including senior officers and directors.
- The guidance and templates for Committee and Executive Board reports include sections for authors to evidence how the contents of their reports support the BCP.
- A year-end performance report that highlighted the progress made throughout 2016/17 in delivering the strategic objectives set out in the 2016/17 BCP was considered by Executive Board on the 17th July 2017. A similar report looking back on the 2017/18 BCP will be presented to Executive Board in July 2018.

3.2 Risk management 2017/18

3.2.1 During 2017/18, assurance on the adequacy of the council's risk management arrangements was demonstrated by the following:

- Corporate, directorate, programme and project registers continue to be maintained, with significant risks escalated to appropriate boards and management teams as required. This includes providing quarterly updates

on the risk status of all the council's programmes and complex projects to the Strategic Investment Board as part of the corporate risk register, and an opportunity for all directors to raise prospective risks through the quarterly BCP reports to CLT.

- Financial risks are included within both the corporate and directorate risk registers. An annual assurance report on the financial management and control arrangements was reviewed by this Committee on 16th March 2018, the report providing assurance that the council has robust arrangements in place for proper and effective financial control, governance and other financial management activities.
- The corporate risk register continues to house the most significant risks to the council including the seven 'standing' corporate risks that will always remain on the register, these being:
 - Safeguarding children
 - Safeguarding adults
 - Health and safety
 - City resilience (emergency planning)
 - Council resilience (business continuity management)
 - Finance (both the in-year budget risks and medium-term financial sustainability)
 - Information management and governance
- During 2017/18, two new corporate risks on Poverty (poverty in the city worsens) and Community Cohesion were agreed.
- The corporate risk map continues to be published on the council's internal intranet and externally through its website and on the Leeds Observatory.
- The risk management arrangements take into consideration the National Risk Assessment (NRA), published by the Cabinet Office. The NRA captures the changing risk landscape affecting the UK and is also used to inform the more local West Yorkshire Community Risk Register. A member of the council's Resilience and Emergencies Team attends the West Yorkshire Resilience Forum Risk & Capabilities Sub Group which provides an excellent conduit for horizon scanning of changes to risks and threats. Together the NRA, West Yorkshire Community Risk Register and the work of the West Yorkshire Resilience Forum informs the review and update of the council's corporate risks on City Resilience and Council Resilience. .
- The guidance and template for Committee and Executive Board reports include sections for authors on risk management.
- Council directorates continue to administer their corporate risks on the '4Risk' software.
- It is good practice to undertake periodic 'health checks' on risks to identify whether they are still risks, they are clearly articulated and their details are accurate and up to date. During early 2018, staff from the IPS undertook health check reviews on the directorate risk registers for Adults and Health, Children and Families and City Development.
- Quarterly meetings continued to take place between the Senior Risk Management Officer and Principal Officers from Internal Audit to share information on:

- Emerging themes from Internal Audit reviews and reports regarding control weaknesses / failures and risks arising;
 - Feedback to Internal Audit on any new risks/risk areas identified and any changes to existing risks; and
 - Risk management work undertaken across the council e.g. risk workshops and training delivered.
- During 2017/18 meetings commenced with the council's Principal Insurance & Claims Manager to share relevant information between the two services and to consider the insurance aspects of the corporate and directorate level risks.
 - Risk management workshops and training sessions continue to be offered to council services. In 2017/18, the Senior Risk Management Officer facilitated workshops on:
 - Information management and governance risks for Adults and Health and Children and Families directorates.
 - The General Data Protection Regulation (GDPR) project workstreams.
 - During 2017/18, risk management work was provided to Donisthorpe Hall care home, a registered charity run by a Board of Trustees that provides residential and nursing care for older people. The home has been part of the council's residential and nursing framework contract since 2012. As a result of a series of poor inspection results, since 2015 the home has been closely monitored by the Adults and Health Contracts Team and has been given a significant amount of assistance and advice by the council and other health partners to help with their improvement journey. At the request of the Head of Commissioning, Contracts and Business Development (Adults and Health), the Senior Risk Management Officer undertook risk management work at the home. This work contributed towards the home improving the 'Well-led' inspection area previously rated as 'inadequate' by the Care Quality Commission. A risk workshop was facilitated for members of the home's board to review and update their risk register and agree how the risks should be reported in the future. Risk management training was also delivered to staff at operational level within the home and the feedback from both the workshop and the training was overwhelmingly positive.
 - An annual report summarising how the council manages its most significant risks was reported to the Executive Board on the 17th July 2017 and then to Strategy and Resources Scrutiny Board on the 21st July. A similar report for 2017/18 is due to be considered by the Executive Board in July 2018.

3.3 Staffing

3.3.1 Two members of staff currently lead on the corporate arrangements for risk management, performance management and the Best Council Plan. Both staff members remain up to date with good practice in these areas through continuous professional development and networking, including:

- The Head of Business Planning and Risk is CIPFA-qualified and works closely with Finance colleagues to better integrate strategy and finance. She continues to serve on the ALARM (the Public Risk Management Association) North East & Yorkshire committee and served as a director to the national ALARM Board; is an ALARM Registered Risk Practitioner and represents the

council at regular meetings of the Core City local authority Heads of Performance Management.

- The Senior Risk Management Officer is also CIPFA-qualified; is a member of both ALARM and the Institute of Risk Management (IRM), is an ALARM Registered Risk Practitioner, holds a Risk Management Diploma and continues to serve on the IRM North East Regional Group.
- The formation of the IPS in April 2017 facilitated more effective cross-service working on risk and performance between staff responsible for the corporate arrangements and those who provide support for directorates.

3.4 2018/19

- 3.4.1 Following the updating of the new BCP in early 2018, work is underway to review and update the council's Risk Management Policy and Performance Management Framework to ensure they are properly aligned to the organisational ambitions, outcomes and priorities of the plan. The update will take into account the results of the most recent Internal Audit review of the council's corporate risk management arrangements. The Internal Audit review highlighted an opportunity for additional central guidance to be developed that will support the consistent and effective management of partnership risks across the authority. The update will also consider latest guidance, updated standards, and any changes in statutory / government requirements of risk management in local authorities.

3.5 Consultation and Engagement

- 3.5.1 Key stakeholders have been engaged in maintaining the council's corporate risk and performance arrangements. These include the Executive Board, Scrutiny Boards, the Corporate Leadership Team and Intelligence and Policy Service colleagues.
- 3.5.2 We will continue to widely consult and engage when reviewing the council's risk and performance management arrangements.

3.6 Equality and Diversity / Cohesion and Integration

- 3.6.1 This is an assurance report with no decision required. Due regard is therefore not directly relevant.

3.7 Council policies and the Best Council Plan

- 3.7.1 The risk management arrangements in place support compliance with the council's risk management policy and Code of Corporate Governance, through which, under Principle 4, the authority should take 'informed and transparent decisions which are subject to effective scrutiny and risk management'.
- 3.7.2 The performance management arrangements focus around the Best Council Plan: its annual refresh and ongoing review and monitoring of delivery of the Best Council outcomes and priorities form part of the council's budget and policy framework.

3.8 Resources and value for money

- 3.8.1 The council's risk and performance arrangements are managed within existing resources. The arrangements also help the council to target and prioritise resources to help achieve value for money

3.9 Legal Implications, Access to Information and Call In

- 3.9.1 The council's risk management arrangements support the authority's compliance with the statutory requirement under the Accounts & Audit Regulations 2011 to have 'a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'
- 3.9.2 Performance information on the BCP KPIs is published on the council's website and the Leeds Observatory, as is the corporate risk map. The management of the council's most significant risks and performance related to delivering the 2017/18 Best Council Plan objectives and priorities will be published through annual reports due to be presented to the Executive Board in July 2018.
- 3.9.3 No decision is required; therefore this assurance report is not subject to call in.

3.10 Risk Management

- 3.10.1 There are no significant risks identified in the council's risk and performance management arrangements.

4 Conclusions

- 4.1 This report provides assurance on the council's corporate risk management and performance management arrangements. It provides one of the sources of assurance the Committee is able to take into account when considering approval of the Annual Governance Statement. It also enables the Committee to fulfil its role under the council's risk management policy and the Committee's own Terms of Reference to review the 'adequacy of the council's Corporate Governance arrangements (including matters such as internal control and risk management)'.

5 Recommendations

- 5.1 Corporate Governance & Audit Committee is asked to receive the annual report on the council's corporate risk and performance arrangements and note the assurances in support of the Annual Governance Statement, due for consideration and approval by this Committee at today's meeting.

6 Background documents

- 6.1 None