



# **Interim Annual Governance Statement 2020**

**Approved by  
Corporate Governance and Audit Committee**

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## A. INTRODUCTION

1. Leeds City Council is obliged to ensure it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.
2. Good governance is about running things properly and 'doing the right thing in the right way'. It is the means by which we show we are taking decisions for the good of the people of the area, in a fair, equitable and open way. It includes how we do things, including our values and standards of behaviour that support good decision making - collective and individual integrity, openness and honesty. Good governance is the foundation for the delivery of good quality services that meet all local people's needs. It is also fundamental to showing public money is well spent as well as maintaining credibility and public trust. Without good governance we will not achieve our ambitions to improve services and outcomes for local people.
3. We have conducted a review of the arrangements which together comprise our system of internal control. From this review, based on assessment and on-going monitoring work undertaken and supported by the work of Internal Audit, we have reached the opinion that, overall, key systems are operating soundly, and that there are no fundamental control weaknesses. This does not necessarily mean agreeing with all decisions made, but ensuring appropriate process, transparency and democratic oversight in decision making.
4. Where improvements have been identified, actions are in place. This Annual Governance Statement, which relates to the period between July 2019 and June 2020, reports on progress made in relation to 29 key actions identified in the 2019 Annual Governance Statement<sup>1</sup>, and sets out a further 20 key actions for the coming year<sup>2</sup>.

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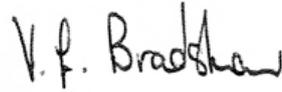
<sup>1</sup> Annex 1 sets out a summary of how the council has responded to the key actions documented in the Annual Governance Statement 2019.

<sup>2</sup> Annex 2 sets out a summary of the key actions arising from the review of the council's governance arrangements as documented in this Annual Governance Statement 2020.

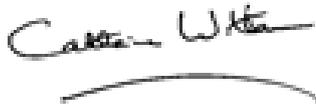
5. We can confirm, to the best of our knowledge and belief, and there having been appropriate enquiries made, that this interim statement provides an accurate and fair view.



**Tom Riordan**  
Chief Executive  
& Head of Paid Service



**Victoria Bradshaw**  
Chief Officer Financial Services  
& Section 151 Officer



**Catherine Witham**  
City Solicitor  
& Monitoring Officer

## B. CONTEXT

### B.1 The City

1. Leeds City Council is the second largest metropolitan district in the country, covering 217 square miles with over three quarters of a million residents. Leeds is a rich and varied place, including a vibrant city centre, with built-up areas surrounding it, some rural areas and several towns and villages. It is also a diverse city with many different cultures, languages, races and faiths.
2. Leeds City Centre has seen extensive, fast paced development over the last decade including the delivery of Trinity Leeds, Victoria Gate, the ongoing regeneration of South Bank and the redevelopment of Quarry Hill. This has reinforced the city's position as a major retail, professional services and office location and ensured resilience across the City Region and the North of England. The continued growth of Leeds' economy is crucial to making a significant contribution to the quality of life of people living, working and visiting the city.
3. Alongside this, now that the Council's Site Allocations Plan and the core Strategy Selective Review has been adopted there is significant housing growth planned in future years, up to 52,000 new homes to meet the Council's housing target requirements.
4. In contrast to this background of growth across the city, Leeds' transport infrastructure has seen a lack of investment and the development of Leeds' transport infrastructure remains a challenge if the city is to meet the ambitions set out in both the Best Council Plan and Inclusive Growth Strategy for Sustainable 21st Century infrastructure and to be carbon neutral by 2030.

### B.2 Challenges and Opportunities

5. The Council faces a number of significant challenges and opportunities, set out below, which give context to our planning.

#### The Covid-19 Pandemic

6. The COVID-19 (Coronavirus) outbreak has presented a significant challenge nationally and internationally. The Leeds Health and Social Care system and Leeds City Council, working with broader partners, has responded to the pandemic in Leeds, with the Leeds response being set within the national context and the West Yorkshire Health Resilience Partnership and West Yorkshire Resilience Forum arrangements.
7. Leeds (on behalf of Leeds City Region) is one of 11 authorities in a Good Practice Network of local authorities to develop local outbreak control plans as part of the national Test and Trace framework. The Director of Public Health is leading the development of the Leeds COVID-19 Outbreak Plan, which will build upon our existing, well-established outbreak plans, but scaling up and enhancing existing arrangements.
8. Executive Board has received regular reports setting out details of the Council's preparations and ongoing actions to respond to the Coronavirus pandemic and to plan for the council's and the city's recovery. The Board agreed the updated Response and Recovery Plan, included updated aims and objectives.

9. In addition Executive Board has received reports detailing the impact of Covid-19 on the Council's revenue budget. The Board has supported engagement with the Government seeking financial assistance and support for proposals to manage the Council's financial position in order to deliver services to the residents of Leeds.
10. In the early stages of the pandemic response, Scrutiny Chairs worked with Directors to introduce a temporary streamlining of decision making arrangements to ensure key decisions relating to the emergency response could be progressed at pace while maintaining democratic oversight. Scrutiny Chairs also received regular briefings about decisions to spend any proportion of the emergency Government funding allocated to the authority.
11. Full scrutiny board briefings about the city's covid-19 response and subsequent recovery plan were introduced as soon as was deemed practicable with remote public meetings beginning in June 2020.
12. The Chair of the Corporate Governance and Audit Committee has sought assurance that the Council's systems of internal control have continued to operate soundly throughout this period of emergency response. Where systems of internal control have been used and adapted to respond to the pandemic details are set out within the body of this report.

### **2020 Key Action**

**Our Corporate Governance and Audit Committee will seek robust assurance that our systems of internal control have met the demands of the emergency response to Covid-19; and that where issues have been identified action has been taken to remedy these.**

### Financial Health

13. The 2019/20 financial year is the fourth and final year covered by the 2015 Spending Review and again presents significant financial challenges to the Council. To date we have managed to achieve considerable savings since 2010 and the budget for 2019/20 required us to deliver a further £22.6m of savings.
14. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. The impact of COVID 19 on the economy will be felt by businesses and the residents of Leeds, resulting in forecast increased demand for services and significant reductions in income realised by the Council. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging and maybe not sustainable in the future. (Further details can be found at section F1 below.)
15. As Service reductions are implemented and changes in working practices are adopted, the internal control framework will need to be revised to ensure it is still fit for purpose.

### Devolution and Northern Powerhouse

16. Securing a devolution agreement for Leeds and the wider region has been a council priority for some time.

17. On 11 March 2020 the Chancellor of the Exchequer announced an agreement between the leaders of the five West Yorkshire local authorities and the Government on a devolution deal for West Yorkshire. This is a significant step forward in line with the council's organisational strategy. It will build upon the area's history of collaboration to maximise investment and increase its contribution to national economies.
18. The "minded-to" Deal is expected to lead to the adoption of a mayoral combined authority model with additional functions by Order of the Secretary of State.
19. Executive Board have received regular update reports on devolution, and in May 2020 considered a draft scheme and agreed to public consultation prior to submission of the final proposed scheme to the Secretary of State.

### **2020 Key Action**

**We will work within the statutory framework with the Constituent Councils in pursuance of the "minded-to" Deal for devolution in West Yorkshire.**

### The UK's exit from the European Union

20. Since July 2016, shortly after the EU referendum result, the council has been working to prepare for EU Exit in line with a five-point-plan approved by Executive Board.
21. A report received by Executive Board on 4<sup>th</sup> September 2019 details the background and the council's approach to preparations for the UK's exit from the European Union.
22. The report confirms that work has been overseen by a working group of senior officers from across the council, working in conjunction with elected members, directorate-specific officer groups, the Local Resilience Forum (LRF), Local Enterprise Partnership (LEP), local voluntary community and faith sector organisations (VCFS) and a number of other sector specific forums in the city.
23. The elected member working group, chaired by the Leader of the Council play a key role in highlighting important issues which have fed into the preparatory response work. EU Exit has also been discussed as part of regular agenda items at a range of meetings involving elected members including Executive Board and the Scrutiny board (Strategy and Resources).
24. Elected members and officers from Leeds have also continued to engage on Brexit related matters through a number of regional and national forums including working with the Local Government Association (LGA), Core Cities group, various Whitehall departments and senior civil servants.
25. The work we have undertaken has received both local and national endorsement.

### Climate Emergency

26. The Council declared a climate emergency in March 2019.
27. We continue to work with the Leeds Climate Change Commission formed in conjunction with the University of Leeds and is informed by world leading academics in the field of climate science.

28. The Climate Emergency Advisory Committee, established by Council in May 2019 has appointed three working groups which report back to each meeting of the Committee:
  - Biodiversity and food production;
  - Planning, buildings and energy; and
  - Transport.
29. The Climate Change Advisory Committee has enabled public representation through open forum and has engaged with the Citizen's Jury on Climate Change.
30. In January 2020 Executive Board received an update report detailing the work undertaken in respect of the climate emergency including:
  - The Climate Conversation – an open consultation engaging a wide cross section of people via online questionnaire and attendance at over 80 events; and recommendations from the citizen's jury;
  - Action towards our commitment to becoming a carbon neutral council;
  - Use of powers to move towards a carbon neutral city, including opportunities to influence national policy and legislation and individual choice.

## B.3 Our Relationships

### Our Councillors

1. There are 99 elected members of Leeds City Council, representing six different political groups, reflecting a range of political opinion and bringing a wealth of diverse experience and skills.
2. Through our Member Management Committee; Member Development and ICT working group; and through arrangements within each of the political groups, we seek to ensure that each member is provided with the necessary opportunity and support to fulfil their role and to add value to the work of the council.
3. We have a Member Development Strategy and seek to ensure that implementation and oversight arrangements ensure that members have ownership and control and are able to engage with development opportunities designed to support them in their existing roles as community leaders, committee members, executive portfolio holders etc. and to prepare them for any future role they may take up.

**2019 Key Action:**

**Our Member Development Strategy will be reviewed during 2019/20.**

4. Our recently elected councillors have informed a review of the induction programme offered to newly elected members. A revised induction programme has been prepared building on previous good practice, providing a twelve month induction programme designed to meet the immediate and longer term needs of councillors.
5. Similarly, with oversight from a member led working group we have undertaken a review of the arrangements to ensure that the development offer provides training and development opportunities to meet both generic needs of all councillors and those specific to roles to which members are appointed. The proposed 2020-25 Member Development strategy will be submitted to the Member Management Committee for approval and a programme of delivery will be set out each year.

**Key Action 2019:**

**We will keep the arrangements for Member Safety under review during the year through our Member Management Committee.**

6. The Monitoring Officer's Annual Report, received by Standards and Conduct Committee on 6<sup>th</sup> March 2020 confirms that Member Management Committee established a Member Safety Task Force to:-
  - Ensure that Members are fully engaged with the formulation, monitoring and evaluation of Members' personal security and safety provisions;
  - Advise on policies and strategies relating to Members' personal safety, including input on the identification of 'best fit' personal safety devices;
  - Explore support and escalation arrangements for Members from Legal Services and West Yorkshire Police;
  - Keep under review the implementation of Member safety arrangements and evaluate the continued effectiveness of Members' personal safety offer;

- Identify learning and development needs and champion take up by Members.

### Our Workforce

7. Our People Vision is simple – to be the best place to work for everyone. This places our employees at the centre of our thinking, with inclusion, diversity and wellbeing as core underpinning themes.
8. Our Corporate Leadership Team has fully engaged in the development of the People Strategy 2020-25. The People Strategy sets out an ambitious high level framework which can be adapted through delivery to meet the local needs and circumstances of our different directorates, services, professions and role types.
9. A review of the People Strategy is being undertaken in light of Covid-19 and the revised strategy, one of several Best Council strategies underpinning the Best Council Plan, will be launched to support the revised Best Council Plan. (See section C1 below)
10. Success measures for the People Strategy are captured in the Best Council Plan KPIs, aligned to the Best Council Plan outcomes around being an Efficient, Enterprising and Healthy Organisation. These will continue to be reviewed and reported as part of the established reporting mechanisms.
11. In addition to the overarching five year strategy we have identified five initial priorities for 2020/21:
  - Workforce planning and development;
  - Inclusion and diversity;
  - Health and wellbeing;
  - Talent and performance management; and
  - Leadership and management.

#### **2020 Key Action:**

**We will develop detailed timelines and milestones for our People Strategy priorities and will monitor and review progress against them.**

12. Linked to the people strategy our talent management pipeline is used to support more people furthest away from employment to access employment opportunities and for those in employment to access opportunities for career progression. This is achieved using work placement and experience opportunities, as well as apprenticeships; the graduate programme; and in-house development of future leaders and technical experts.

#### **Key Action 2019:**

**To sustain our Apprenticeship approach we will:**

- **Improve identification and forecasting through work-force planning, setting out where our future Apprentices will come from;**
- **Look at how we use opportunities to support priority groups to access work with us – especially with entry level Apprenticeships;**
- **Ensure that meeting the target also reconciles with the resources we have via the Levy.**

13. Executive Board received a report at its consultative meeting in March 2020 detailing work in relation to The Great Jobs Agenda, Anchor Institutions and the Living Wage Foundation Living Wage. The report sets out details of our approach and achievement in relation to apprenticeships across the authority and with partner organisations.

**Key Action 2019:**

**In 2019 we are seeking to accredit to “Disability Confident Leader” which is level 3 of the Disability Confident Employer framework (LCC is currently accredited at level 2).**

14. Executive Board received a report at their informal consultative meeting in March 2020, confirming that the Council were awarded Disability Confident Leader in October 2019. Accreditation recognises that the council draws from the widest pool of talent, secures, retains and develops disabled staff. Leader status recognises that the council acts as a champion for Disability Confident with local and business communities.

Our Customers

Consultation and Engagement

15. We take available opportunities to consult with citizens and communities living and working in Leeds to inform the choices we make in relation to use of resources and service delivery.
16. The budget consultation took place in January 2020. The consultation was carried out through an online survey, advertised on social media, the Council’s leeds.gov.uk website, the Council’s internal ‘InSite’ website, and directly to Citizens’ Panel members, third sector and business partners. Though focused on the Budget, the survey also presented findings from the previous year’s consultation exercise and explored whether the public’s views and perceptions of the council’s priorities had changed in that time.
17. The consultation response informed both the final Budget proposals and the final Best Council Plan proposals and was therefore included in the reports to Executive Board in February 2020 seeking recommendation of the Budget and the Best Council Plan to Council.

Voice of the Customer

**Key Action 2019:**

**We will continue to address challenges in respect of:**

- **telephone waiting times;**
- **transitioning to digital channels, by ensuring training and support is provided as a priority in order that service users are not disenfranchised from the services they need to access.**

18. Corporate Governance and Audit Committee received the annual report on customer contact and satisfaction in January 2020. The report outlined the work to ensure services are delivered in the most cost effective way whilst aiming to put customers first at a time of budgetary constraint. The Chief Officer gave

assurance that processes and procedures around customer contact and satisfaction are adequate and acceptable, given the prevailing financial climate and the demand for services.

19. The report detailed successful work undertaken to reduce call waiting times on housing lines, but acknowledged the need for consistent response times across council tax and housing benefits lines.
20. The report also detailed work supporting the transition to digital channels including training provided to contact centre staff; support to customers through community hubs; and the 'Digital Leeds' initiative led by the libraries service.
21. The Committee noted that the customer is at the heart of service delivery and that the service is focussed on continuous improvement.
22. The committee recommended that arrangements be put in place to enable corporate and departmental complaints data to be shared with Scrutiny Chairs. Officers have undertaken work to review the existing consideration of complaints data with a view to developing a consistent approach across all five Scrutiny Boards. This will be discussed with Scrutiny Chairs as the Boards develop their work programmes moving forwards.

#### **2020 Key Action:**

**We will continue to monitor arrangements for customer contact and satisfaction and will make improvements where necessary to deliver a consistently good experience for our customers.**

### Working with Communities

#### Equality, Diversity and Inclusion

23. We are committed to equality and diversity, as we want every resident, regardless of their background, ethnicity, faith or sexuality, to be proud and feel fully engaged in the life of our city, and to be able to access opportunities which make a positive difference to their lives and those of others.
24. The ongoing challenge for the council is how we better engage with our communities and ensure that all their voices are being heard.
25. In our twin ambitions we continue to recognise the importance of a commitment to tackling inequalities and championing inclusivity.
26. Our Equality Improvement Priorities 2018-22 were refreshed in 2019 and presented to Executive Board in July 2019 alongside the Annual Equality Report. Sitting alongside the Equality Improvement Priorities we have compiled a suite of performance indicators and measures, which were updated in August 2019.
27. We reported on our progress in relation to the Equality Improvement Priorities, together with the reporting required by the Equality Act 2010, in the 2020 Annual Report considered by a consultative meeting of Executive Board and formally approved by the Director of Communities and Environment in March 2020.

#### Deputations

28. Our Council meeting provides regular opportunity for citizens and community groups to bring deputations to raise issues of concern with full Council. Issues raised must be matters in relation to which the Council has powers or duties or

which affect the City of Leeds but may be of local, national or international concern and cover a wide range of topics. Where appropriate those deputations are referred to the relevant Director for further consideration and response.

In practice:-

Deputations received this year have drawn Council's attention to:-

- Britannian Quarry in Morley;
- Support after rape and sexual violence;
- The problem of plastics in rivers;
- HS2;
- Employment opportunities for people with a learning disability.

### Community Committees

29. Our 10 Community Committees continue to work for the residents of Leeds, by providing a forum for local people to have their say on the issues that matter to them most. They provide a mechanism for involving communities in local decision making on key issues such as environmental improvements, community safety, health and wellbeing and employment.
30. We want our communities to feel empowered and to be at the heart of providing local solutions to local problems across a wide range of issues. The Community Committees have worked closely with residents and partners to identify what works best, which has been used to influence and shape their work programme.
31. Our commitment to locality based working has been demonstrated with the Leeds Community Committees Annual Report 2018/19 identifying over £2 million spending across a broad range of projects that Community Committees funded.

In practice:-

The Leeds Community Youth Ambassadors Group, supported by Voice and Influence officers from the Communities Team, meets on a regular basis to support the voice of children and young people locally. Work has included peer inspections, mystery shopping and consultation exercises. The group gained a Leeds Youth Award, and were nominated for Child Friendly Leeds Youth Group of the Year for their hard work and dedication for the city. They were also nominated and shortlisted for the national Children Young People Now Awards: Youth Volunteering and Social Action Award for their peer inspection work.

### Consultation and Engagement

32. We regularly engage with communities in developing and reviewing our policies and strategies with impact within specific neighbourhoods, communities and citywide, enabling us to understand lived experience.

### In practice

In developing 'Thriving': the child poverty strategy for Leeds we worked with the 'A Different Take' Leeds Panel, comprising young people, young adults and parents with respect to the production of the 'More Snakes than Ladders' report. The strategy used academic data to ensure an evidence based approach to developing initiatives within the city and delivery of initiatives is also informed by those living in poverty in the city.

Similarly we have sought to mitigate the impact of poverty and inequality throughout the city by co-producing the future '100% Digital Leeds' programme with citizens and communities who have lived experience of poverty and inequality.

### Our partners

33. The council regularly works in partnership with public, private and third sector organisations. Development of existing partnerships and engagement with new partners enables innovation in service delivery and greater opportunity to ensure excellent value for money.
34. We are engaged in formal ongoing statutory partnerships through which we are able to exert influence for both the city and the region. For example:
- The West Yorkshire Adoption Joint Committee exercises oversight over the ground-breaking governance arrangements for One Adoption West Yorkshire.
  - The North and West Yorkshire Business Rates Pool provides the governance framework for business rates retention in the region and has been able to exert its influence to improve and re-establish governance arrangements at Welcome to Yorkshire. In February 2020, following changes in the business rates retention scheme for the region, Executive Board approved the establishment of a new joint committee.
  - The Morley Town bid under the government's Towns Fund would enable an investment plan for Morley that could access up to £25m funding. In March 2020 a consultative meeting of Executive Board supported the Council's role as accountable body in developing an Investment Plan, and agreed principles of governance and membership for a Morley Town Deal Board.
35. Other arrangements are developed to engage with partners in delivering shared outcomes in line with the Council's ambitions and priorities. Partnership arrangements currently in place include:
- Leeds Climate Commission;
  - Leeds Culture Trust;
  - Hydrogen Liason Group; and
  - Leeds Affordable Warmth partnership.
36. In addition to these ongoing partnerships, we also enter partnership working arrangements over fixed term periods as necessary and appropriate. For example in September 2019 Council appointed a mandatory Joint Health Overview and Scrutiny Committee to respond to NHS England's consultation on proposed changes to regional vascular services.

**In practice:**

To deliver the Covid-19 outbreak plan, governance arrangements linked into the Leeds Multi-agency arrangements are now in place which include:

- A C-19 Health Protection Board, led by the Director of Public Health and working directly with regional Public Health England team. This is a technical board, providing ongoing system oversight and professional expertise in the management of Covid-19, reviewing data, and developing recommendations on actions..
- The Leeds Outbreak Control Board, a cross party board with representatives from multiple sectors, is chaired by the Leader of the Council providing outward-facing, political oversight of local delivery of the test and trace programme, engaging residents and leading any local actions that might be required.

37. Whilst we take the lead in relation to a significant number of partnerships, we are also keen to co-operate with initiatives led by our partners.

**In practice:**

In 2019 we participated in a co-production exercise, led by Leeds Third Sector Partnership to develop the 'Leeds Pledge to Strengthen Civil Society'. In November 2019 Executive Board welcomed Chris Hollins, Chair of Third Sector Leeds and Deputy Chair of the Leeds Third Sector Partnership to provide an overview of the collaborative work undertaken. In response Members resolved to endorse the Pledge; and to invite the NHS, University and Third Sector colleagues to take the Pledge into their sectors and institutions and to seek their support and commitment to partnership working on this agenda.

**Monitoring and review of partnership arrangements**

38. We have systems and processes in place to safeguard adults and children at risk. We work closely with partners to ensure that our arrangements are up to date and fit for purpose and reflect current government guidance.

39. As reported in the 2019 Annual Governance Statement, following the Wood Review we have developed our arrangements for safeguarding children using new multi-agency arrangements to strengthen and streamline existing strong and effective partnership working in Leeds.

**Key Action 2019:**

**Our Executive Board will review the arrangements in the autumn.**

40. At its January meeting Executive Board received

- the annual report of the Leeds Safeguarding Adults Board considering both the Board's report for 2018/19 and the strategic plan for 2016/20 as refreshed for the 19/20 reporting period; and
- the Leeds Safeguarding Children Partnership Annual Report 2018/19: Evaluating the Effectiveness of Safeguarding Arrangements in Leeds in January 2020. Executive Board endorsed the safeguarding priorities for the city as identified within the report.

**Our influence**

41. We embrace the opportunity to share our learning and expertise across the region and nationally.

42. Leeds Children and Families Service has a significant role in sector led improvement and reform and has gained significantly, through improved relationships with central government and partner councils, enhanced access to additional funding, national influence on policy and reform and improved development and learning opportunities for Leeds' leaders and staff.

43. Examples include:

- 'Partner in Practice' of central government, through the Innovation Programme funded 'Leeds Relational Practice Centre' and intensive work through the Kirklees-Leeds Improvement Partnership.
- Funding from the Department for Education under the 'Strengthening Families, Protecting Children' initiative. Governance arrangements put in place enable us to take a lead role in national improvement programmes and at the same time to ensure that we continue to successfully support the children and young people of Leeds.

44. In addition we are committed to using relevant opportunities to influence growth and progress in our city and region for example through our relationships with anchor institutions in the city.

In practice:-

Northern School of Contemporary Dance is an important anchor institution for the city, supporting Leeds key national role in the creative and performing arts.

In January 2020 Executive Board received a report detailing collaborative working arrangements to assist NSCD securing expansion; so supporting NSCD's ambitious programme to grow its current provision and raise its profile on the global stage whilst continuing to support the regeneration of the Chapeltown area of the city.

45. In 2019 we reported that our Inclusive Anchors programme brings together a range of institutions to take collective action on employment matters, and procurement and supply chain management.

**2019 Key Action:**

**Further work will be undertaken to extend the Inclusive Anchors programme beyond the largely publicly funded anchors to private sector businesses and exploring the development of an inclusive business charter for SME businesses with a particular focus on encouraging more employers to pay the Living Wage as promoted by the Living Wage Foundation.**

46. In March 2020 a consultative meeting of Executive Board received a report providing an update on the Great Jobs Agenda, Anchor Institutions and the Living Wage Foundation Living Wage.

47. The Leeds Inclusive Anchors Network comprises 11 organisations based in the city. Together they have over 57,000 employees, one in seven of the Leeds' workforce, and an annual expenditure in excess of £2 billion per year. The network provides an important opportunity to unlock the potential for transformational change and outcomes to address inequalities in the city.

48. The report confirmed that ten of the Anchors are Living Wage employers with one which seeks to move towards this.

## C. ACHIEVING OUR AIMS AND OBJECTIVES

1. Our ambition is for Leeds to be the best city in the UK: compassionate and caring with a strong economy; which tackles poverty and reduced inequalities; working towards being a net zero carbon city by 2030. We want Leeds to be a city that is distinctive, sustainable, ambitious, fun and creative for all, with a council that its residents can be proud of as the best council in the country. Our 'Best City' and 'Best Council' ambitions, outcomes and priorities are set out in our corporate strategy, the [Best Council Plan](#) (further detail is provided at section C.2)
2. We will ensure that our governance arrangements support the effective delivery of services, whether this be by direct service provision, in partnership, by alternative service delivery mechanisms or simply by exerting our influence to deliver better social value outcomes as well as value for money.
3. The systems and processes to deliver our ambitions and priorities seek to enable and encourage innovation whilst ensuring effective and robust control, and financial sustainability.
4. By applying our values and local codes of conduct for Members and employees, we commit to devising and delivering services to the citizens of Leeds in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity.

### C.1 Our Best Council Plan

5. Our work is articulated and informed by the Best Council Plan. The Plan sets out our ambitions for the city and the organisation, describes how we aim to deliver a clear set of priorities and outcomes (often in partnership at local, national and regional levels) with signposts to more detailed underpinning strategies, and explains the challenges we face.
6. We undertake an annual review and refresh of the Best Council Plan.
7. In line with the Budget and Policy Framework Procedure Rules, proposals were considered by Executive Board at its meeting in January 2020, following which consultation took place with Scrutiny Boards, other relevant stakeholders and the public.
8. In February 2020, informed by the consultation response, a final draft of the updated Best Council Plan was returned to Executive Board with the final Budget proposals. The meeting recommended the updated Best Council Plan to council for adoption at the February budget meeting of Full Council.
9. On 26<sup>th</sup> February 2020, alongside the Budget report, Council adopted the updated 'Best Council Plan 2020-2025'. The report noted that while continuing its programme of efficiencies, the Council will deliver its ambitions and priorities by working differently, evolving and innovating in terms of what it does and how it does it, exploring different service models and greater integration with other organisations and skilling up staff to grow their commercial and business acumen.
10. The updated Best Council Plan maintains much of the existing Plan, notably the overarching aim of, 'Tackling poverty and reducing inequalities' and the Best City

ambition, outcomes and priorities. However, along with the Health and Wellbeing Strategy and Inclusive Growth Strategy, the Climate Emergency has been added as the third key driver to delivering the Best City ambition, 'A Strong Economy and a Compassionate City'. The Best Council ambition, 'An Efficient, Enterprising and Healthy Organisation', remains the same with a renewed emphasis on the council's key resources (its people, money, digital capabilities, land and buildings, evidence and insights, and communications). The Best Council Plan key performance indicators have also been updated.

11. The updated Best Council Plan was due to be launched on 1<sup>st</sup> April 2020. However, in light of the significantly changed context as a result of Covid-19 and its unprecedented impact on the city and the organisation, the launch was put back so that the content could be reviewed and revised where appropriate. The headline ambitions, outcomes and priorities remain the same. A more fundamental review of the Best Council Plan is planned for later in the year as the longer-term implications of coronavirus become more clear.

**2020 Key Action:**

**We will review the Best Council Plan and key underpinning Best Council Strategies in the light of the longer-term implications of Covid-19.**

12. We develop policies and strategies in relation to specific issues in accordance with the Best Council Plan, ensuring that we obtain maximum benefit for the best city ambition through everything we do.

**In practice:**

During the period covered by this Annual Governance Statement Executive Board has adopted:

- A Waste Strategy for the City of Leeds;
- The 3 A's Strategy: improving the attendance, attainment and achievement of children and young people in Leeds;
- Leeds Drug and Alcohol Strategy and Action Plan 2019-2024;
- Strategy to deliver Housing Responsive Repairs, Voids and Cyclical Maintenance to the city's housing stock;
- Thriving: The Child Poverty Strategy For Leeds;
- Leeds Mental Health Strategy.

13. Initiatives often contribute to a number of priorities and outcomes. Cross cutting projects allow collaborative discharge of functions lead by one or more services.

In practice:

Executive Board received a report in March 2020 setting out how the Our Spaces Strategy, which sets out our vision and ambition for the City's public realm contributes towards:

- reducing health inequalities and supporting active lifestyles;
- improving the city's transport and digital infrastructure and tackling climate change risks;
- making Leeds the best city for children and young people to grow up in;
- making Leeds the best city to grow old in;
- improving the quality of lives; and
- growing the economy through cultural and creative activities.

14. Similarly, individual services plan the discharge of their functions in accordance with the aims and priorities set out in the Best Council Plan.

In practice:-

The Local Account of Adult Social Care, considered by Executive Board in October 2019, provides a user friendly summary of the Council's Better Lives priorities together with progress against these priorities and the national Adult Social Care Outcomes Framework indicators. The Local Account highlights priorities, progress, future ambitions and challenges for Adult Social Care.

## C.2 Monitoring our achievements

15. Through rigorous performance monitoring against key performance indicators we are able to monitor performance and provide regular updates.

In practice:

We developed a set of equality improvement priorities for 2018-2022. Aligned to Best Council Plan priority areas, these are supported by performance indicators and measures. Executive Board monitor progress annually and agree updated our priorities.

Progress against the Equality Improvement Priorities will continue to support the City's vision for Leeds to be the best city in the UK: one that is compassionate with a strong economy, which tackles poverty and reduces the inequalities that still exist.

16. Performance against the Best Council Plan is reported quarterly to the Council's Corporate Leadership Team facilitating cross-council ownership and discussion of specific areas and prompting follow up action as needed.

### **2019 Key Action**

**We will produce a performance report in September 2019 to review our progress in delivering the Best Council Plan during 2018/19.**

17. The annual performance report considers each of the priority areas, summarising the key successes and highlighting where challenges remain. This report was the subject of robust consideration by Executive Board in September and further by the Corporate Governance and Audit Committee in November 2019.

18. Members acknowledged the significant range of information included in the report and the broad approach to reporting which gives a picture of the council's impact across the city. Additional, more detailed performance information on specific areas is also reported throughout the year to Scrutiny Boards.
19. In addition, we publish the Best Council Plan scorecard; using key performance indicators to measure progress in delivering better outcomes for both the city and the council in-year and in the longer term.

## D. OUR GOVERNANCE FRAMEWORK

1. Our governance framework comprises the systems, processes, culture and values by which the Council directs and controls its activities and through which it accounts to, engages with and leads its communities. It enables us to monitor the achievement of our strategic objectives and consider whether they have led to the delivery of high quality services and value for money.

### D.1 Corporate Governance

2. The Council's Corporate Governance Code and Framework<sup>3</sup> reflects the principles and sub-principles of the 'Delivering Good Governance in Local Government: Framework' (CIPFA, 2016).
3. The Code is shaped around our seven Principles of Corporate Governance.

#### Principles of Corporate Governance

1. Behave lawfully, with integrity and in the public interest and demonstrate this through our conduct and behaviour.
2. Be open and engage with local communities, service users and our other stakeholders.
3. Focus our resources on outcomes and ensure council tax payers and service users receive excellent value for money.
4. Ensure we have clear responsibilities and arrangements for transparent and effective accountability.
5. Take informed and transparent decisions.
6. Ensure that we have robust and effective audit, scrutiny, information governance, risk and financial management controls.
7. Develop our capacity and capability to be effective.

4. The Code and Framework set out the corporate governance arrangements in place to ensure services are delivered in a way that demonstrates accountability, transparency, effectiveness and value for money, integrity, and inclusivity.

### D.2 Ethical Governance

#### Values

5. Our ethical governance is developed around the five council values which reflect the spirit and ethos of good governance and are integrated into our culture.

#### Leeds City Council Values

**Being open, honest and trusted** - I can be my best

**Treating people fairly** - It feels like I count

**Spending money wisely** - I make every pound go further

**Working as a team for Leeds** - I'm part of a team that is trusted to get on

**Working with all communities** - I'm proud to make a difference

<sup>3</sup> Part 5j of the Constitution

6. The values are at the heart of Leeds City Council. They reflect the current needs of the city. In a period of immense change and real challenge they enable us to be confident and decisive about what we do and how we do it by giving us clear, shared values against which to measure our options; recognise and celebrate our achievements; and challenge outcomes that do not meet our aspirations.
7. We review our values regularly.

### Standards of Conduct

8. Our Standards and Conduct Committee is responsible for promoting and maintaining high standards of conduct both within the Council and in the thirty-two Parish and Town Councils in the Leeds area.
9. The Council has Codes of Conduct for both Members and Officers which set out the standards of conduct and personal behaviour expected and separate protocols govern the conduct of work between members and officers.
10. The Annual Report of the Monitoring Officer was received, and the Committee's Annual Report to Council was approved, by Standards and Conduct Committee at its meeting on 6<sup>th</sup> March 2020, confirming that arrangements are in place to:-
  - provide induction training to all newly elected city councillors on the requirements of the code of conduct and other relevant codes, protocols, policies and procedures;
  - ensure support to all members (LCC and Town and Parish Councillors) to meet their obligation to notify disclosable pecuniary interests (DPIs), and reminders to review their register of interest to ensure it remains up to date;
  - enable consideration of requests to treat DPIs as sensitive under Section 32 Localism Act 2011;
  - determine applications for dispensations to enable participation in council business for Members with DPIs;
  - consider complaints submitted in accordance with the Council's procedure for dealing with complaints against members under the code of conduct.
11. All 99 Leeds City Councillors and 299 of 303 Town and Parish Councillors had completed a register at the time of reporting with arrangements in place to follow up the remaining registers with the relevant Parish Clerks.
12. Twelve complaints have been made against Leeds City Councillors and seven against Parish and Town Councillors in the Leeds area. Of these:
  - No complaint has been received alleging a failure to register a DPI;
  - All complaints received within the reporting period have been resolved at or before stage 1 of the procedure;
  - There have been no formal findings of a failure by LCC or Parish and Town Councillors in Leeds to comply with the relevant Code of Conduct.
13. The Council has an Independent Person in place. He attends meetings of the Standards and Conduct Committee as an observer and receives regular briefings on matters within his remit. In particular the Independent Person is routinely consulted on draft complaint assessments at Stage 1 of the procedure.

Receipt of gifts and hospitality

14. In particular the Council has clear arrangements for declaration of interests and registering of gifts and hospitality offered and received.
15. The Council's Employee Code of Conduct<sup>4</sup> is a key document within the ethical framework. Outcomes of monitoring and review of the Code, and supporting policies and procedures (including arrangements for receipt of gifts and hospitality), are detailed in the Chief Officer Human Resources' annual assurance report to Corporate Governance and Audit Committee.

**2019 Key Action**

**Arrangements for Directors' acceptance of offers of gifts and hospitality be reviewed to ensure there is third party oversight of offers prior to these being accepted.**

16. The Chief Officer Human Resources has completed a review and amended the gifts and hospitality policy. New arrangements, in place from January 2020, require that Directors gain approval from the Chief Executive and in turn the Chief Executive gains approval from the Leader.

**2019 Key Action**

**That a process be introduced whereby the annual review of gifts and hospitality requires 'nil returns' to be submitted**

17. The Council's Employee Gifts and hospitality Policy and Procedure sets out requirements for employees to follow if offered any gift or hospitality.
18. A new process requiring employees in "high risk posts" to make a positive declaration regarding compliance with the gifts and hospitality policy has been agreed. The process, which is likely to cover approximately 1000 employees, is completed annually alongside the annual register of interests exercise.
19. An internal audit review of Employee Gifts and Hospitality confirmed that there is an agreed policy and procedure in place defining the responsibilities of individual officers when they receive an offer of gifts or hospitality, and the process for obtaining approval. The review also confirmed that arrangements ensure that records of gifts or hospitality are subject to monitoring and reporting, and that arrangements will be strengthened by the process for all declarations of gifts and hospitality from Directors to be subject to third party approval. The review concluded that the new arrangements to manage potential conflicts of interest through the requirement for a 'nil declaration' from employees who are identified as holding a 'high risk post.' will provide further assurance that the council is doing all it can to prevent the acceptance of inappropriate gifts or hospitality.

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<sup>4</sup> Part 5b of the Council's Constitution

**2020 Key Action:**

**We will monitor the arrangements for offer and acceptance of gifts and hospitality by Directors and those in 'high risk posts'; and positive declarations regarding compliance with the gifts and hospitality policy.**

20. In addition to publication of individual registers the Monitoring Officer now also publishes a quarterly review of gifts and hospitality declared by Leeds City Councillors in line with best practice proposed by the Committee on Standards in Public Life following the 2019 review of the local government standards regime.

Monitoring and review of arrangements

21. We engage in continuous monitoring and review of our ethical governance arrangements.

**Key Action 2019:**

**We will further review our ethical framework arrangements in light of any future legislative change or statutory guidance issued by Government or the Local Government Association.**

22. The Annual Report of Standards and Conduct Committee, sets out details of progress since the Committee on Standards in Public Life (CSPL) published its review.

23. The Ministry of Housing Communities and Local Government has been engaging with a small number of local authority Monitoring Officers (Leeds included) to consider how to implement the CSPL recommendations. However, given the recent constraints on parliamentary time little progress has been made.

24. The Local Government Association is undertaking a consultation exercise on the content of a new draft Members' Code of Conduct.

**2020 Key Action:**

**We will continue to engage with the Ministry of Housing Communities and Local Government and the Local Government Association in developing the ethical framework in response to the recommendations of the Committee on Standards in Public Life.**

**D.3 Information Governance**

25. We take information governance very seriously, working continuously to improve the management and security of our information, and recognising the need to protect our information assets from accidental and malicious loss or damage.

26. In line with the manual for Caldicott Guardians produced by the Caldicott Guardian Council the arrangements for Caldicott Guardian functions in Leeds form part of the broader information governance function.

**Key Action 2019:**

**That a combined Annual Information Governance Assurance report be prepared that includes oversight of the Caldicott Guardian role and that in the interim Caldicott governance arrangements benefit from a peer review by organisations with the same responsibilities.**

27. The March meeting of Corporate Governance and Audit Committee received the Annual Information Governance Report, setting out assurances on the effectiveness of the council's information management and governance arrangements, and arrangements in place with regards to the confidentiality of patient and service user data.
28. We have undertaken a benchmarking exercise in relation to the functions of the Caldicott Guardian using comparisons against both other local authorities and NHS organisations based on scores against the Data Security and Protection Toolkit.
29. The committee were pleased to note work has already taken place to learn from and share best practice with a local authority; and that there are plans for similar work with a core city rated 'standards exceeding' in the coming year.

**2020 Key Action:**

**We will continue to use benchmarking to measure our performance in relation to Caldicott Guardian functions and to identify, and learn from best practice.**

30. The Council is required to hold Public Services Network (PSN) accreditation to provide an assured route for information sharing across public sector organisations. As reported in the 2019 Annual Governance Statement, accreditation was awarded in 2018 on the basis of a number of remediation commitments. The Council has subsequently been awarded a PSN certification until August 2020. A re-application will be made on 20th July 2020.
31. The ongoing PSN certification has necessitated significant ongoing work to ensure that alternative solutions capture information held in Access 2003 databases as the runtime for Access 2003 is now non-compliant.

**Key Action 2019:**

**Our Corporate Governance and Audit Committee will regularly review plans to deal with outstanding and emerging issues relating to PSN Certification.**

32. In presenting the report the Director of Resources and Housing thanked the committee for work done to review progress and escalate concerns relating to the Access 2003 project. Through receipt of regular reports detailing progress and seeking assurances in relation to the necessary resources and engagement the committee has:

- ensured appropriate escalation of concerns;
- noted enhanced arrangements for project governance from January 2020;
- received assurance that Access 2003 runtime will be switched off on 30<sup>th</sup> June 2020; and
- noted the project plan and governance arrangements in place to ensure that the Council has ceased use of Access 2010 by 30<sup>th</sup> June 2021.

**2020 Key Action:**

**Our Corporate Governance and Audit Committee will regularly review plans to deal with outstanding and emerging issues relating to PSN Certification, including the Access project.**

## E. HOW OUR FUNCTIONS ARE EXERCISED

### E.1 Executive Arrangements

1. We operate strong leader and cabinet style executive arrangements. Functions are exercised by Council or Executive in accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended<sup>5</sup>.
2. Members are able to exercise their democratic mandate through direct decision making by full council, Executive Board and their respective committees; through executive oversight of officer decision making; or through formal overview and scrutiny arrangements. This is supported by clear procedures and appropriate corporate and directorate practice.
3. The Leader sets out her Executive Arrangements, detailing the delegation of executive functions to committees and Directors<sup>6</sup>, together with arrangements for executive political oversight and accountability. Arrangements enable officers to take delegated decisions in relation to any executive function within their remit, save where the leader or the relevant portfolio holder has directed or the director considers that the matter should be referred to Executive Board for consideration. In this way arrangements ensure that the Executive Board is able to consider, influence and determine matters of significant impact to the council or the city.

#### In practice:-

Over the reporting period Executive Board have considered reports in relation to:

- expansion of schools under the learning places programme (expansion proposals, consultation outcomes) enabling oversight of significant learning place expansion in the city.
- capital spend of £1.7 million for redevelopment of Cookridge Street as a new area of public realm, as part of the larger Headrow Gateway Scheme facilitated by the Leeds Public Transport Investment Programme (LPTIP).
- significant injections into the capital programme relating to development at Great George Street, and the East Otley Relief Road and Housing Allocation.
- the new Suitability Policy for applicants and licensees of drivers of taxis and private hire vehicles, (also approved by all West Yorkshire Authorities and the City of York Council.)
- Promoting Affordable Warmth. Updating the Council's approach to tackling fuel poverty in the city and enabling Executive Board to endorse use of the Council's influencing powers to change national policy and regulation.

4. The Annual Council Meeting appoints council committees and establishes their terms of reference; approves delegation of Council functions to Directors and receives notice of the Leader's executive arrangements. The Council did not hold an annual meeting<sup>7</sup> in 2020, however decisions were published by the Leader and City Solicitor confirming respectively that the Executive Arrangements, and Council appointments and delegations would remain as set

<sup>5</sup> Part 3 Section 1 of the constitution sets out responsibilities for local choice functions.

<sup>6</sup> These arrangements are amended if necessary to include any additional delegation approved by Executive Board which will exceed six months in duration.

<sup>7</sup> The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020/392 disapplies the requirement to hold an annual council meeting.

out for the 19/20 municipal year. Arrangements were made accordingly to publish the 2020-2021 iteration of the Council's Constitution.

5. These arrangements provide a matrix of responsibility for the discharge and oversight of the council's functions ensuring strong political leadership whilst enabling agile and responsive decision making within a clear framework of political oversight and accountability.
6. The executive is held to account in full Council through executive questions addressed to relevant portfolio holders from councillors, and through the Council's arrangements for overview and scrutiny.

In practice:-

Executive questions asked during the year have included the following topics:-

- Bin collections;
- The outcome of the Spending Review in relation to adult social care;
- GP capacity to meet needs arising from housing expansion;
- Update on progress with Leeds flood alleviation scheme.

## E.2 Committee Structure

7. There are currently twenty-seven committees appointed by council (five Scrutiny Boards; six governance committees; ten community committees; four regulatory committees; and two advisory committees). In turn the Licensing Committee formally appoints sub-committees. In addition, a number of Committees operate working groups to enable work to be undertaken at greater depth in order to support and enhance decision making within those committees.
8. The Executive appoints the Access to Information Appeals Panel, and delegates functions to the council appointed community committees.
9. The Community Committees Executive Delegation Scheme sets out details of the functions delegated for exercise at local level by our ten Community Committees. Each Committee is allocated a budget resource from the wellbeing fund, the youth activity fund and the community infrastructure levy. Committees receive and determine applications for funding and at the start of each municipal year confirm arrangements for officers taking delegated decisions on their behalf between meetings. Every meeting the committee receives a finance report updating them on the budget position for budget allocated to the committee; and advising of delegated decisions taken by officers in relation to the fund.
10. In addition the Executive is advised by the two advisory committees appointed by council: the Development Plan Panel and the Climate Emergency Advisory Committee.
11. The Council and Executive have also established a number of joint committees to which members are appointed as the authority's representatives.
12. In accordance with social distancing guidelines responding to the Coronavirus pandemic, all committee meetings were cancelled from noon on 16<sup>th</sup> March pending introduction of legislation enabling remote meetings.
13. The first webcast remote meeting of Executive Board and single item agenda remote Full Council meeting took place in April 2020. Since then remote meetings have been set up for Plans Panels, Scrutiny Boards, and Corporate

Governance and Audit Committee, with licensing Sub-Committees recommencing in August 2020. Community Committees are meeting in an informal advisory capacity. In order to ensure the success of remote meetings there has been a very focussed and prioritised approach to agendas.

### E.3 Management Structure

14. The Council's management structure is set out at Article 12 of the constitution. The structure reflects the division of the council's officer corps into five directorates. The Article also lists each officer who derives delegated responsibility from Council or the executive under the officer delegation scheme<sup>8</sup>
15. The Article also sets out the appointment of Statutory Officers, provides clarity as to their functions and confirms the council's commitment to providing officers, accommodation and other resources as are necessary to fulfil their duties.
16. The Monitoring Officer Protocol and the Chief Finance Officer Protocol<sup>9</sup> provide further detail as to how these roles will be exercised. In March 2020 Standards and Conduct Committee and Corporate Governance and Audit Committee respectively received assurance that the Monitoring Officer Protocol and the Chief Finance Officer Protocol are up to date and fit for purpose.
17. The officer delegation scheme sets out functions delegated to each of the Directors by Council (council functions) or the Leader (executive functions).
18. In turn, each Director approves a sub-delegation scheme setting out authority for officers of suitable experience and seniority to discharge their functions.
19. There have been a number of key personnel changes through the year<sup>10</sup> Where necessary new Directors have approved a sub-delegation scheme in their own name. Induction arrangements include tailored introductions to the council's structure and decision making arrangements for officers who are new to the Council or to a senior leadership role.

### E.4 Decision Making Framework

20. The decision making framework provides clear and transparent arrangements for the discharge of functions by the Council and Executive.
21. In accordance with legislation Council approves the budget and core policy documents. The Budget and Policy Framework Procedure Rules set out the mechanism which enables stakeholder engagement; public consultation; scrutiny oversight and executive consideration prior to approval by full Council.
22. Executive decisions are taken in accordance with Article 13: Decision Making, and the Executive and Decision Making Procedure Rules<sup>11</sup>. Together these provide a framework in which decisions are categorised by both value and impact on the communities living and working in the area.

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<sup>8</sup> the Chief Executive, the Directors, the Chief Finance Officer, the City Solicitor, and the Chief Planning Officer

<sup>9</sup> Parts 5e and 5k of the Constitution respectively

<sup>10</sup> Chief Officer Human Resources; Chief Planning Officer; Chief Officer (Operations) City Development; Director of Children and Families; Director of Public Health; Chief Officer (Transformation and Innovation) Adults and Health

<sup>11</sup> In Part 4 of the Council's Constitution

23. Arrangements ensure transparency of decision making which is compliant with legislation and proportionate to the decisions being taken. Following detailed review and benchmarking, Council adopted amended thresholds at their Annual Meeting in May 2019. Changes took effect from 1<sup>st</sup> July 2019.

**Key Action 2019:**

**The implementation of our new decision making will be effectively communicated with arrangements monitored during the year and reported back to the Corporate Governance and Audit Committee**

24. In June 2020, Corporate Governance and Audit Committee received the City Solicitor's Annual Assurance Report on executive decision making, confirming that decision making arrangements are up to date, fit for purpose, embedded and routinely complied with. The report detailed work undertaken to communicate the amended thresholds for key and significant operational decisions; and provided assurance that officers meet legislative and constitutional requirements in respect of prior publicity and recording of executive decision making.

25. The report detailed how practice and procedure was adapted to meet the quantity and pace of decisions taken during the Coronavirus pandemic, providing assurance that although systems and processes were adapted to enable agile decision making they remained consistent with legislation and the constitution. In addition the report provided assurance that those decisions taken at the start of the emergency response period, before these arrangements had been put in place, received retrospective endorsement at the first formal remote meeting of Executive Board on 22<sup>nd</sup> April 2020. The report also confirmed the key role undertaken by Scrutiny Chairs in providing oversight of decisions taken, and regular review of the arrangements to ensure that they remained necessary and appropriate.

#### E.5 Effectiveness of Governance Framework

26. Corporate Governance and Audit Committee receive regular reports providing assurance that governance arrangements in place across the authority are up to date and fit for purpose; communicated and embedded; and routinely applied. Reports are the subject of robust consideration and challenge and where necessary further information or assurance is sought.

27. Annual reports set out assurances in relation to arrangements for executive decision making, regulation of investigatory powers, licensing and planning.

**2019 Key Action:**

**The arrangements whereby, Members may refer applications to Plans Panel for determination and the governance arrangements for Enforcement will both be reviewed by our Corporate Governance and Audit Committee**

28. The committee received a follow up report in November 2019 in relation to councillor's referral of matters to plans panels. The Committee requested and considered a briefing note prepared by the Chief Planning Officer, setting out the

process for referral to plans panels by Members, and information in relation to 'material planning considerations', which was circulated to all councillors.

29. The committee reviewed information provided in relation to the governance of enforcement and requested that future reports include information in relation to planning enforcement on land owned, or partially owned, by the council.

**2020 Key Action:**

**Corporate Governance and Audit Committee will continue to seek assurance in relation to arrangements for enforcement in relation to breach of planning control.**

30. Members are provided further opportunity for oversight through a bi-monthly report prepared for each ward, detailing key enforcement cases, (particularly those where a ward member or parish council have expressed interest), and circulated to members.
31. In addition to assurance in respect of planning matters received by Corporate Governance and Audit Committee, the Joint Plans Panel, an informal meeting of all members of the Council's plans panels, provides monitoring and oversight of the council's planning functions through receipt of reports detailing performance data and activity rates.

## F. HOW WE ENSURE EFFECTIVE FINANCIAL AND OPERATIONAL CONTROL AND VALUE FOR MONEY

1. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

### F.1 The financial landscape

2. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging.
3. The COVID-19 pandemic in particular brings uncertainty with regard to the ongoing impact upon expenditure and income from sales, fees and charges. The pandemic will also impact upon collection rates for Council Tax and Business Rates.
4. The next spending review in 2020 has the potential for considerable impact through the level of resources available to local authorities.
5. In addition we recognise:
  - Variation in business rates retention, and the volatility of income from business rates, require careful management;
  - The Fair Funding Review (now postponed to 2021) introduces a risk upon the level of resources available to Leeds;
  - Government funding intentions for social care remain unclear;
  - There is uncertainty as to whether transitional arrangements for the national funding formula for schools will continue beyond 2020/21, with further potential for impact should maintained schools become academies.

#### **Key Action 2019:**

**We will ensure that we continually review the financial landscape in order to alleviate the uncertainty and challenge to the delivery of our ambitions and our financial planning.**

6. The annual audit letter from Grant Thornton, received by Corporate Governance and Audit Committee in November 2019, recognises that the council continues to operate under significant financial pressures but notes that it has effective arrangements in place to routinely monitor its budget and take appropriate action to mitigate against any significant variances or additional calls on resources.
7. We recognise the impact of the Covid-19 pandemic on the financial landscape,; and the significant risks that this poses. Further details are set out in section I1 of this report.

### F.2 Our arrangements for financial control

8. The Council has designated the Chief Officer Financial Services as the Chief Finance Officer in accordance with Section 151 Local Government Act 1972.

**Key Action 2019:**

**The financial management arrangements will continue to be kept under review during the year.**

9. In March 2020, Corporate Governance and Audit Committee received the annual assurance report on financial management and control arrangements and compliance with the Chief Finance Officer Protocol, and the annual treasury management governance report. Set out in these reports the committee received assurance that the framework of financial control has been reviewed and is fit for purpose, up to date, embedded and regularly complied with. In particular that:-
- Arrangements in place for reporting and access to meetings, and provision of resources deliver the impact required in the [CIPFA statement on the role of the Chief Financial Officer in local government](#);
  - The Council has established an effective financial control environment and specifically robust arrangements for strategic financial planning combined with effective financial management and control.
  - The Council has a proven and comprehensive approach to development of its medium term financial strategy, its annual budget setting and the identification of savings plans;
  - Budget management and monitoring is a continuous process with clearly articulated roles and responsibilities set out within the Council's budget accountability framework, and financial monitoring undertaken on a risk-based approach;
  - Rigorous arrangements are in place to develop and manage the council's capital programme; manage risks to its delivery and limit the impact on the council's debt costs; and
  - Arrangements for treasury management comply with CIPFA's Code of Practice on Treasury Management and the Prudential Code.

Our financial strategies

10. In July 2019 Executive Board agreed the updated five year Medium Term Financial Strategy which sets out principles for the determination and management of revenue and capital budgets. The position was updated and agreed by Executive Board in October 2019.
11. Adoption of these principles results in a more robust and accountable approach to budget management which closely aligns itself with the principles that are set out in CIPFA's Financial Management Code which all local authorities will be required to fully implement by the 31<sup>st</sup> March 2021. The Strategy recognises the requirement that the revenue budget becomes more financially resilient and sustainable, whilst reducing the risks associated with funding recurring revenue through mechanisms such as capital receipts and capitalisation.
12. Executive Board approved the authority's Capital and Investment Strategy In February 2020 alongside consideration of the proposed budget.

### Setting our budget

13. The revenue budget setting process follows the Budget and Policy Framework Procedure Rules and which require consideration by the Executive and by each of the council's scrutiny boards, and public consultation prior to the budget meeting of council in February each year. As a result of the General Election held in December 2019, the budget consultation period was shortened in order to ensure that there was no breach of purdah rules around the election period, however the consultation which took place satisfied the requirements of the procedure rules.
14. In accordance with the Local Government Finance Act 1992, in January 2020 full Council approved recommendations calculating the council tax base for Leeds and for each parish or town council within the Council's area; and prepared an estimate of business rates income it will collect in the coming year.
15. Final budget proposals were submitted to Executive Board for recommendation to Council in February 2020. In approving the budget, Council received assurance from the Chief Finance Officer that the proposed budget for 2020/21 was robust and that the proposed level of reserves was adequate.
16. Via Scrutiny Boards, Executive Board and Full Council Members provide scrutiny through the budget setting process to ensure that the budget meets the council's priorities and objectives. In addition individual reports provide assurance that the activities undertaken in pursuance of the council's budget continue to meet the Council's aims and objectives.

#### In practice:-

In January 2020 Executive Board received a report providing an update on the investment approved in July and November 2016 for the LNA (Leeds Neighbourhood Approach) in Holbeck and the investment in group repair, specifically in the Receptions. The report also provides details of other activities which have complemented the investment as part of the Council and partners' activity in the area to address issues of deprivation.

17. The Council's Internal Audit service undertakes an annual review of the controls in place to support the central co-ordination of the setting and monitoring of the Council's budget. The most recent review, reported in 2019, gave substantial assurance; the 2020 review is ongoing.

### F.3 Monitoring our performance

18. The Council has a sound framework for reviewing and challenging financial performance, has realistic plans in place to make the necessary savings in the 2020/21 financial year, and is taking the appropriate steps to deliver them. Directorates have contingency plans in place to help to manage unforeseen variations against the budget.
19. A number of officer forums including the Financial Strategy Group, Finance Performance Group, Directorate Leadership Teams and Corporate Leadership Team provide ongoing review of the financial strategy, annual budget and in year budget monitoring processes.
20. The Corporate Financial Integrity Forum meets monthly to ensure the financial stewardship of the authority by ensuring that there are procedures and operations

in place to provide the necessary quality, integrity and reliability of financial information and accounts.

21. Executive Board receives regular Financial Health Monitoring Reports from the Chief Officer Financial Services in respect of both the revenue budget and the Housing Revenue Account. Reports summarise the financial position in each directorate, note any projected overspend and present proposals identified to address these. Members are able to seek and receive further information and assurance in relation to specific budget pressures as well as ongoing trends.

**In practice:-**

As part of the ongoing monitoring of financial health Executive Board have sought and received information and assurance including:

- The refinancing of council debt;
- The increase in the interest rate of the Public Works Loan Board;
- Business rate appeals and collection.

22. Similarly Executive Board receives regular update reports on the council's treasury management strategy and the capital programme and current and anticipated capital receipts and has given approval for disposals of key sites which will make significant capital receipts contributions over forthcoming years, such disposals being aligned to support the Medium Term Financial Strategy.
23. The council's draft statement of accounts and narrative report will be published for consultation in line with national deadlines<sup>12</sup> alongside the Annual Governance Statement for 2020.
24. The Corporate Governance and Audit Committee approves the Council's final statement of accounts following consultation and on receipt of the external auditor's opinion. The approved accounts are published alongside the final Annual Governance Statement.

#### F.4 Reviewing our arrangements

25. The financial management and control framework is continually being assessed and reviewed to ensure that it remains fit for purpose.
26. Every local authority will be required to comply with the Financial Management Code published by CIPFA in October 2019. Detailed guidance underpinning the Code was anticipated in April 2020 but has been postponed.

**2020 Key Action:**

**We will review our practice against detailed guidance underpinning the CIPFA Financial Management Code 2019.**

27. The financial service has seen a number of resource reductions to contribute towards helping the council to meet its financial challenges. Given the reductions achieved to date and the scale of the challenge moving forward, a review of the structure of the finance service has commenced.

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<sup>12</sup> As amended by the the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

**2020 Key Action:**

**We will complete and implement a review of the financial service to ensure that it remains a highly effective and responsive function offering value for money.**

28. The current in-house Financial Management System (FMS) has been in place for some time and gaps have been identified within the system capabilities as well as opportunities to explore greater automation. As such the system has been brought within a wider review of the Council's core systems to ensure that they are up to date and fit for purpose.

**2020 Key Action:**

**We will review our core systems and processes with a view to ensuring that they are up to date and fit for purpose and meet the needs of an efficient, enterprising and healthy organisation.**

F.5 Value for money

29. We continue to be mindful of the pressures facing the council and the city in terms of the increasing demands on public services within the context of reduced funding and ongoing uncertainties in relation to Covid-19 and Brexit.

30. These concerns are shared by our external auditors in the external audit plan for 2020/21. They identify significant risks in respect of the authorities value for money arrangements arising out of:-

- Financial standing – the Authority as other authorities, continues to operate under significant financial pressures. For 20-21, the Council is planning to deliver a balanced outturn position but to achieve this, needs to deliver savings of some £28.4m whilst managing cost pressures within Children's Services.
- Brexit - the UK left the European Union on 31 January 2020 with a transition period until 31 December 2020. There will be national and local implications resulting from Brexit that will impact on Leeds City Council, which the Authority will need to plan for.

31. The identified risks and concerns are not new and are recognised in the risk arrangements we have in place.

32. The external auditors updated their Value for Money assessment to document their understanding of the Council's arrangements to ensure critical business continuity. The external auditor has not identified any new VFM risks in relation to Covid-19.

33. Through receipt of reports from the Council's Chief Finance officer, Executive Board is maintaining oversight of the Council's financial position through the Covid-19 pandemic emergency response and recovery. The position continues to evolve as the Council works with Government to secure further funding, an underwriting of income or the capitalisation of pressure.

34. In addition we have planned a series of service reviews to ensure that the Council's resources continue to be utilised in the most efficient and effective way to deliver services to our citizens and communities.

35. In our Annual Governance Statement for 2019 we recognised the impact of these pressures, in particular noting that the Annual Standards Report in relation to education in the city recognised challenges arising from the pressures on local government funding, complexities around the high needs block, high rates of short term exclusions and the gap in educational outcomes.

**Key Action 2019:**

**We will progress the 15 Actions identified in our Annual Standards Report.**

36. The Annual Standards Report, received by Executive Board and referenced in the 2019 Annual Governance Statement, highlighted areas of progress and success but also acknowledged significant challenges we face in working towards our ambition of being the best city for learning. The Annual Standards Report is being reformatted to be in line with the 3A's Strategy, the leading education plan for the city.
37. The 3As strategy (Attendance, Attainment and Achievement), received by Executive Board in July 2019, is driven by our ambition to support all children and young people, especially those who are vulnerable and/or disadvantaged, to reach their full potential. It aims to close the gaps between more and less advantaged children and young people through collaborating with internal and external partners. Children and young people will be supported to engage positively with education and offered opportunities that lead to positive, lifelong pathways. Through this, we will give all Leeds children and young people, particularly those who are vulnerable, an empowering start in life and enable them to thrive in a vibrant and compassionate city.
38. Further to this Executive Board also received a report in September 2019 in relation to exclusions, elective home education and off-rolling; noting the intention of the Children and Families Directorate to produce an annual report.

**F.6 Procurement**

39. The Contracts Procedure Rules support effective procurement by setting out key responsibilities and actions that officers are required to follow when undertaking procurements They support officers to meet legislative requirements, and to meet the Council's ambitions for procurement, the Council's procurement strategy, and related policies and procedures.
40. In certain specific circumstances procurement can be undertaken outside of the framework provided by the Contracts Procedure Rules where specific approval is obtained. Together with internal audit, Corporate Governance and Audit Committee has provided check and challenge to the use of waivers. The number of waivers processed across the authority has fallen over each of the last three years, with 79 waivers processed in 2019/20 as opposed to 153 in the previous year.
41. Recommendations from an internal audit review undertaken in the Spring recommend focusing on the potential to embed and sustain this positive direction of travel.

**2020 Key Action:**

**We will undertake training to further promote the importance of compliance with Contracts Procedure Rules and will strengthen the close working between directorates and PACS that will ensure waivers are limited to exceptional circumstances.**

42. The council's 2019-24 procurement strategy was approved by Executive Board in June 2019 as reported in the last Annual Governance Statement.

**Key Action 2019:-**

**The Corporate Governance and Audit Committee will also review the implementation of the new Procurement Strategy through the Annual Procurement Assurance Report from the Chief Officer (Financial Services).**

43. The Annual Procurement Assurance Report, received by Corporate Governance and Audit Committee in June 2020 set out details in relation to progress made in respect of value for money, governance, social value, commercialisation, and strategic suppliers since adoption of the Procurement Strategy in June 2019.

**Key Action 2019 –**

**After the strategy has been operational for a year, further baseline figures will be considered for introduction into KPIs in order to monitor performance.**

44. The Annual Procurement Assurance Report detailed performance monitoring for waivers, non and off-contract spend, and expenditure with local suppliers and SME's. In addition the Committee received information in relation to the development of a Leeds specific set of themes, outcomes and measures by which to report progress in relation to social value in procurement.

45. The Procurement Strategy includes the delivery of social value as one of five key areas for procurement. Arrangements have been put in place through the year to provide a framework for social value, together with the tools to measure and collate relevant indicators which will in turn form part of the assurances to be received by CGAC.

46. Social Value guidance document for commissioners was endorsed by Scrutiny Board (Strategy and Resources) in January 2020). The guidance ensures that commissioners both consider and evaluate social value in procurement.

**2020 Key Action:**

**We will measure and collate key performance indicators to ensure that social value outcomes are achieved through our procurement practice.**

47. Through the Annual Procurement Assurance Report, Corporate Governance and Audit Committee received information in relation to the impact of the Covid-19 pandemic on the Council's procurement activity. In particular the report noted

- the increase in waivers and diversions from cost saving / income generation activity arising from urgent contracts required to facilitate the emergency response;
- impact on progress and related reduction in potential outcomes relating to social value, faster payments and accreditation as a living wage employer; and
- the ongoing review of the Procurement Strategy to realise savings in view of the impact of the pandemic on the Council's financial position.

## G. HOW WE ENSURE POLITICAL OVERSIGHT AND ACCOUNTABILITY

### G.1 The Executive

1. In addition to its decision making function Executive Board exercises oversight in relation to the discharge of executive functions across the council.
2. The Board receives reports detailing work taking place to meet our ambitions and priorities ensuring that work programmes are drawn together and presented for political oversight and engagement across the full spectrum of portfolios.

**In practice:-**

Throughout the period of this Annual Governance Statement, Executive Board has received a number of reports drawing together work done across the city. These have included:

- Domestic violence and abuse;
- Adapting parks and green spaces for climate change;
- Improving air quality in the city;
- Improving employment outcomes for people with learning disabilities;
- Enhancing access to community public access defibrillators;
- Tackling poverty and inequality through digital inclusion;
- Woodland creation;
- Addressing food poverty.

3. Similarly the Board receives reports in relation to implementation and outcomes providing an opportunity to ensure that our resources are directed to achieve measurable results.

**In practice:-**

Throughout the period of this Annual Governance Statement, Executive Board has received a number of reports reviewing progress under key strategies for the city. These have included:

- Health, safety and wellbeing performance and assurance report;
- Annual report on the strategic approach to migration;
- Leeds inclusive growth strategy;
- Our spaces strategy – outcome of engagement and strategy update.

### G.2 Overview and Scrutiny

4. We have in place arrangements for overview and scrutiny which seek to ensure parity of esteem between the executive and scrutiny functions.
5. Council appoints five Scrutiny Boards:
  - Adults, Health and Active Lifestyles
  - Children and Families
  - Environment, Housing and Communities
  - Infrastructure, Investment and Inclusive Growth
  - Strategy and Resources
6. Article 6 of the Constitution sets out a clear remit for each Board through identification of oversight of executive portfolios and officer decision making arrangements. The Article also includes the Vision for Scrutiny adopted by the Council. Scrutiny activity is undertaken in accordance with the Scrutiny Board Procedure Rules.

**Key Action 2019:–**

**We will review the Guidance for Scrutiny issued by Government in May 2019 and report to Members any implications or proposals for change.**

7. We adopted amended Scrutiny Board Procedure Rules at the annual meeting of Council in May 2019 and have monitored implementation of these rules, alongside consideration of the updated Guidance for Scrutiny.
8. As Council committees, each scrutiny board meets in public. Agendas are published five clear working days in advance of each meeting in accordance with statutory requirements, and minutes published in accordance with the locally established requirement of ten working days from the meeting.
9. The overview and scrutiny arrangements are a key part of our governance framework, providing oversight and challenge in relation to the discharge of our functions, with ultimate recourse to call in before significant decisions taken by the executive are implemented.
10. In addition, overview and scrutiny provides valuable insight into the governance framework itself and assists in ensuring that arrangements are up to date and fit for purpose in focussing resources on achieving better outcomes and ensuring that we provide excellent value for money.
11. Work programmes are developed by each Board, in consultation with relevant Executive Members and Directors to ensure Scrutiny resource is directed appropriately.
12. Scrutiny Board work programmes are broad and varied and include:
  - Policy / Service review
  - Pre-decision scrutiny
  - Recommendation tracking
  - Performance monitoring
  - Development briefings
  - Consultation response
13. Whilst a number of Scrutiny Board meetings had to be cancelled in view of social distancing guidelines during the Coronavirus pandemic, arrangements were made for regular briefings to take place between Scrutiny Chairs and relevant Directors. This enabled ongoing oversight of executive decision making and ensured a shared understanding of pressures and priorities within Directorates. Full Board briefings regarding the Council’s pandemic response also took place with lead directors and Executive Board members in May 2020.
14. Scrutiny Boards routinely add value to our policy setting and review. Our Budget and Policy Framework Procedure Rules require engagement with Scrutiny prior to consideration of final proposals by Executive Board. This enables boards to add value, scrutinise the content of proposed policy documents and to provide challenge around the methodology by which proposals have been arrived at.
15. Each of the five scrutiny boards was involved in consideration of the Best Council Plan review, resulting in 2 key recommendations in relation to the way in which we produce, monitor and review the Best Council Plan.

**2020 Key Action:**

**We will review how Leeds' approach in developing and monitoring the Best Council Plan compares with that of other core cities.**

**2020 Key Action:**

**We will review the key performance indicators relating to inclusive growth and development of housing mix and will add additional meaningful KPIs as required to the Best Council Plan**

G.3 Corporate Governance and Audit Committee

16. Our Corporate Governance and Audit Committee has significant oversight of the Council's systems of internal control and provides robust challenge ensuring that these systems allow for appropriate accountability.
17. The Committee's Terms of Reference require it to consider and review the Council's arrangements in relation to:
  - the Accounts;
  - external audit requirements;
  - internal audit requirements;
  - policies and practices to ensure compliance with statutory and other guidance;
  - the Council's Corporate Governance arrangements (including matters such as internal control and risk management).
18. The Annual Report, approved by the Committee at its meeting in March 2020 documents the work undertaken to fulfil this remit.
19. The 2019 Annual Governance Statement reported on our self-assessment of the Corporate Governance and Audit Committee's arrangements against best practice (Core functions – Audit Committees: Practical Guidance for Local Authorities and the Police (CIPFA, 2013))

**Key Action 2019:**

**We will actively pursue the appointment of an Independent Member to the Corporate Governance and Audit Committee in the 2019/20 Municipal Year.**

20. Following Council's approval for the appointment of a non-voting co-opted independent member of the committee and in line with the Chartered Institute for Public Finance and Accountancy (CIPFA) guidance for Audit Committee in Local Government, Members of the Corporate Governance and Audit Committee prepared a role description and person specification.
21. During the course of the municipal year a cross party panel, drawn from the committee's membership and including the Executive Member for Resources, invited applications from candidates for the role. Only one application was received as a result of this exercise, from an applicant with close connections to Leeds City Council. A decision was taken that a wider search should be undertaken, in order to attract a more diverse and independent field to provide assurance of separation and independence in the audit committee role.

**2020 Key Action:**

**We will continue to pursue actively the appointment of an Independent Member to the Corporate Governance and Audit Committee in the 2020/21 Municipal Year.**

G.4 Full Council

22. Council receives annual reports from the majority of its committees which enable monitoring and oversight of the way in which members acting in committee are discharging council functions. Through the course of the year reports are received from:-

- Scrutiny Boards (a joint report);
- Community Committees (a joint report);
- Plans panels (a joint report);
- Licensing Committee;
- Standards and Conduct Committee; and
- Corporate Governance and Audit Committee.

23. During the period covered by this Annual Governance Statement, Council has received the Scrutiny at Leeds City Council Annual Report; the Leeds Community Committees Annual Report; and the Plans Panels Annual Report.

24. During discussion of the Plans Panels Annual Report, Members requested that reports provide information in relation to planned future work, in addition to details of activity which has taken place during the reporting period.

**2020 Key action:**

**We will include the identification of areas for future work in our Committees' annual reports to Council.**

25. The annual reports of the Licensing Committee, Standards and Conduct Committee and Corporate Governance and Audit Committee have been approved by those committees and will be submitted for consideration by Full Council as soon as practicable in light of arrangements for meetings during social distancing.

26. In addition, minutes of the Executive Board and the Health and Wellbeing Board are received at each council meeting, and time is set aside for relevant debate providing opportunity for Council to maintain oversight and hold the executive to account.

## H. HOW WE MANAGE AUDIT AND RISK

### H.1 Risk Management

1. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
2. Following consideration of the Annual Assurance Report on Corporate Risk Management by the Corporate Governance and Audit Committee in July 2019, there has been a review of practice and procedure around the scrutiny of risk. Arrangements have been put in place to enable corporate and departmental risks to be used to inform the work program. In addition, the Annual Assurance Report will be strengthened by enabling scrutiny of service specific areas of concern before the report is prepared.
3. Our Risk Management arrangements set out our commitment to a risk management framework that enables staff and elected members to identify, understand, manage and report on strategic and operational risks that could impact upon delivery of the Best Council Plan. As part of our decision-making arrangements, all reports for key and significant operational decisions consider risk management.
4. The council's most significant risks are captured in the Corporate Risk Register and are regularly reviewed by our Corporate Leadership Team. A corporate risk map is updated and published each quarter and senior politicians continue to be briefed on key risks. Corporate risks are those of significant, cross-cutting importance that require the attention of the council's most senior managers and elected members. Each of the corporate risks has named risk owners - a lead portfolio member and a member of the Corporate Leadership Team, (comprising the Chief Executive and directors) - who are jointly accountable for their management. The Executive Board as a whole retains ultimate responsibility.
5. The nature of risks is that they come and go as the environment changes. However, there are a set of 'standing' corporate risks that will most likely always face the council:
  - Safeguarding children
  - Safeguarding adults
  - Health and safety
  - City resilience
  - Council resilience
  - Financial management (both the risk to the in-year budget and longer-term financial sustainability)
  - Information management and governance
  - Climate change adaptation and mitigation

6. The Annual Report on our Risk Management Arrangements, presented to Executive Board in June 2020, provides assurance on each of these standing risks and the other risks currently rated as 'red' – i.e. of the highest significance – that do not fall into the standing risk category: coronavirus, economic growth lag, major flooding (included as part of the wider assurance on the city resilience risk) and major cyber incident (incorporated within the wider assurance on information management). Each assurance gives an overview of each of the risk areas, the current arrangements in place to manage them and additional activity planned, signposting to more detailed assurances available (such as reports to Executive, Scrutiny and Partnership Boards). The annual report also includes the latest corporate risk map showing all risks currently on the corporate risk register.

**Key Action 2019:**

**We will aim to develop guidance to help ensure there is a consistent and effective approach across the authority for managing risk with partners.**

7. Whilst there are undoubted benefits derived for the council, our partners and our customers through partnership approach, joint working arrangements, in a multiplicity of forms, continue to provide challenges in terms of transparency, accountability and risk.
8. A checklist has been developed for partnership governance and risk and approved by the Council's Corporate Leadership Team. The checklist includes governance arrangements for entrance, monitoring and review and exit from partnerships as well as the governance of risk within partnerships.
9. It is intended to develop a set of clear and straightforward thresholds above which the checklist must be applied. However the checklist will be made available to use in relation to partnerships across all sectors and of all sizes.
10. The checklist will be tested by application to a small number of partnerships identified by the directorates before being rolled out more widely.
11. Of vital importance to us, is ensuring that we have arrangements in place to ensure our critical services can recover quickly from serious untoward incidents.
12. As reported in the 2019 Annual Governance Statement Corporate Governance and Audit Committee received assurance in March 2019 that our business continuity plans are in place for all our critical services and that these are subject to continuous review. The Committee concluded that arrangements were up to date, fit for purpose, effectively communicated, routinely complied with and monitored and that arrangements meet the council's statutory duties as required by the Civil Contingencies Act 2004.

## H.2 Internal Audit

13. In accordance with the Public Sector Internal Audit Standards, the Internal Audit Plan, prepared annually, schedules a series of reviews selected to provide assurance that the internal control systems and processes in place provide sufficient control environment, and are both embedded and routinely complied with.

14. The plan is based on a risk based approach, drawing on:

- the council's corporate and directorate risk registers;
- previous internal audit work and ongoing assessment of auditable entities;
- awareness of relevant local and national issues;
- consultation with Corporate Governance and Audit Committee, the Chief Finance Officer, the Monitoring Officer, Corporate Leadership Team and other senior management and colleagues from across the organisation;
- regular dialogue with core cities and authorities across South and West Yorkshire to track emerging risks; and
- planned work deferred from the previous year;

to establish areas of priority.

15. The Internal Audit Plan includes a number of reviews that evaluate the effectiveness of financial governance, risk management and internal control arrangements, including coverage of procurement activity. In addition the plan includes reviews which are aligned to the Council's value of spending money wisely. In addition to the schedule of planned reviews our internal audit arrangements provide scope to include additional work where necessary and appropriate.

16. The internal audit plan is considered by Corporate Governance and Audit Committee each year, enabling input from elected Members and from our external auditors.

**In practice:**

Following a recommendation made by the council's external auditor a review was undertaken of arrangements in relation to the assessment of risk and control in respect of journal entries.

A risk assessment was completed by Financial Management which acknowledged the risk of material error arising from an incorrect journal entry but concluded that there are satisfactory compensating controls already in place to mitigate this risk. A review of this assessment was completed by internal audit which confirmed that a sound methodology was used in undertaking the risk assessment, and that the identified compensating controls are in place. Given that the risk of deliberate misrepresentation of financial results is lower within public sector organisations, and that controls are in place to restrict, identify and address the risk of error, the review supported the conclusion of the risk assessment.

17. The 2020-21 internal audit plan was approved at Corporate Governance and Audit Committee in March 2020. This plan has been reviewed in light of the change in resources available and priority risks following the Covid-19 pandemic. Key priorities were identified and set out in a report to Corporate Governance and Audit Committee in June 2020 with an assurance that the remainder of the plan would be risk assessed and prioritised accordingly.

18. Completed audits result in assurance opinions ranging through substantial, good, acceptable and limited to no assurance. Where an audit results in limited or no assurance being given that audit will be the subject of review to ensure that the recommendations made in the audit report have been implemented and resulted in improved assurance.
19. Regular update reports to Corporate Governance and Audit Committee provide a summary of reports issued by Internal Audit for each reporting period. Further information is provided in respect of those reviews where an opinion of limited or no assurance has been given, or where follow up reviews have been undertaken.
20. In addition to consideration of the work detailed in the internal audit plan, Corporate Governance and Audit Committee have sought and received assurance and monitored information in relation to the resource available to the internal audit service to carry out their role.
21. The Committee has also received details of Internal Audit's own performance monitoring and has worked to encourage feedback from Directors.

Work undertaken under the 2019/20 audit plan

22. Included within the Internal Audit Plan for the 2019/20 year have been the following reviews highlighted in the 2019 Annual Governance Statement:

**Key Action 2019:**

**Our Internal Audit Plan for 2019/20 includes work to sample check HR policies to provide assurance as to the extent to which they are consistently and properly applied across the council.**

23. Internal Audit have completed reviews of arrangements in relation to recruitment; and the receipt of gifts and hospitality by officers, the results of which are detailed elsewhere in this statement.

**Key Action 2019:**

**During 2019/20 Internal Audit will review and follow up the arrangements in place for the approval and management of waivers and report the outcome of their work to the Corporate Governance and Audit Committee.**

24. An audit of waivers of Contract Procedure Rules (CPRs), reported in the 2019 Annual Governance Statement provided acceptable assurance overall, but limited assurance on the extent to which waivers were being reviewed and analysed to enable lessons learned to be fed back into procurement processes.
25. The Internal Audit update report received by Corporate Governance and Audit Committee in June 2020 confirmed that a full follow up audit supports a finding of good assurance for the control environment. The council's CPRs have been refreshed to require consultation with Procurement and Commercial Services, and supplemented with further guidance outlining the legal and regulatory framework to be considered.
26. An opinion of acceptable assurance for compliance has been given reflecting opportunities to further embed the processes that will sustain the positive direction of travel.

**Key Action 2019:**

**Internal Audit will review assurance arrangements relating to Community Cohesion and report their findings to the Corporate Governance and Audit Committee as part of the delivery of the Audit Plan.**

27. As reported to Corporate Governance and Audit Committee in June 2020, an internal audit review of the community cohesion arrangements is ongoing but has not been concluded as resources have been diverted to the Covid-19 response. Initial review has not indicated any major adverse findings.

**Key Action 2019:**

**Internal Audit Plan will review our governance arrangements for partnerships**

28. Work being undertaken to review arrangements and develop a checklist for governance and risk in respect of partnership arrangements is detailed elsewhere in this statement. When the developed arrangements have been in place for twelve months a review of the arrangements in place will be included in the internal audit plan.
29. An initial audit of Invest to Save – Benefits Realisation resulted in limited assurance in respect of the control environment as central governance arrangements had yet to be fully established during the period under review. Recommendations support work being undertaken by Financial Management and with Best Council Design Team to implement a robust process ensuring a consistent emphasis on delivery of planned savings throughout the lifecycle of relevant projects. Further audit work will ensure that arrangements have been embedded and are routinely complied with.

**2020 Key Action:**

**We will monitor and review the process we have implemented to ensure consistent emphasis on delivery of planned savings throughout the lifecycle of invest to save initiatives.**

Whistleblowing, Counter fraud and Anti-Corruption arrangements

30. We take steps to raise awareness of our anti-fraud and corruption policies, and have made a counter fraud and corruption training package available to staff via the council's performance and learning platform. During international fraud awareness week in November we promoted this training as well as raising awareness via the council's intranet site and by holding drop in sessions for staff to raise queries or ask advice.
31. All potential irregularities referred to internal audit are considered and where appropriate dealt with under the appropriate whistleblowing or raising concerns policies. Following risk assessment by internal audit referrals are investigated by the relevant directorate, human resources, internal audit or reported to the police as appropriate.

**In practice:**

During the reporting period internal audit completed a review of the council's recruitment procedures against best practice including guidance produced by Fighting Fraud Locally and CIFAS (The UK's Fraud Prevention Service).

The review has provided valuable assurance that there is a recruitment and selection framework in place which clearly identifies pre-employment checks, and that arrangements are in place to ensure that suitable pre-employment checks are undertaken for all new council employees. Recommendations were made to enhance the existing controls and these will be included in the new recruitment system.

**Regulation of Investigatory Powers Act 2000 (RIPA)**

32. Corporate Governance and Audit Committee receive updates from the Head of Service (Legal) in relation to the use of the Council's surveillance powers under RIPA through the Internal Audit update reports.
33. Reporting has confirmed that there have been no applications for directed surveillance or covert human intelligence source authorisations, and no use of the powers to obtain communications data during the period of this Annual Governance Statement.

## I. EXTERNAL OVERSIGHT

### I.1 External Audit

1. We continue to work with Grant Thornton as the Council's external auditors. Through a shared understanding of the issues facing the council, developed by regular liaison both with Members and senior officers, Grant Thornton add insight to Corporate Governance and Audit Committee discussions across the agenda.
2. Grant Thornton carry out an external audit of the Council's accounts with two key objectives: to give an opinion on the council's financial statements and the Annual Governance Statement; and to review and report on the council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
3. This provides independent assurance on the Council's accounts and accounting practice as well as the arrangements to ensure value for money and the controls around the key financial systems.
4. The External Audit report received by the Corporate Governance and Audit Committee in July 2019, confirms:
  - In respect of the Council's financial statements an unqualified opinion was given;
  - In respect of value for money the auditors are satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources;
  - In respect of the Council's Annual Governance Statement and narrative report both documents were prepared in line with the CIPFA Code and relevant guidance; both were consistent with the financial statements and the auditor's knowledge of the Council.

#### In practice

In their annual audit letter, presented to Corporate Governance and Audit Committee in November 2019, Grant Thornton set out the key issues arising from their work on the accounts for the year ended 31<sup>st</sup> March 2019.

The letter confirms that the external auditor is satisfied that "the Council had put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources."

In respect of financial resilience Grant Thornton conclude that the Council have:

- "effective arrangements in place to routinely monitor its budget and take appropriate action to mitigate against any significant variances or additional calls on resources"; and
- "proper arrangements in place to ensure sustainable resource deployment".

5. The audit plan for the 2019/20 year was submitted to Corporate Governance and Audit Committee in January 2020 setting out the proposed approach to give an opinion on the Council's 2019/20 financial statements.
6. In April 2020 Grant Thornton advised the Chief Officer Financial Services of the addition of a significant audit risk in respect of Covid19; outlining increased audit risk in respect of:
  - Remote working arrangements and redeployment of staff to critical front-line duties;

- Volatility of financial and property markets;
  - Financial uncertainty requiring management to reconsider financial forecasts; and
  - Requirement for significant revisions to disclosures within the financial statements, particularly in relation to material uncertainties.
7. Further to this the external auditors presented a revised Audit Plan to Corporate Governance and Audit Committee in June 2020. The revised plan set out additional work in respect of the Covid-19 risk, to understand the arrangements the Authority has in place to address relevant risks in respect of Covid 19 in its accounts preparation, and the appropriateness of the Council's disclosures, including in respect of any estimation uncertainties around for example PPE and Pensions asset valuations.
8. We continue to work with the external audit team to facilitate their work, for example by responding to the Value for Money self-assessment, inter-alia providing details of Key partnership arrangements in place; providing draft financial papers, together with supporting working papers, and publishing the draft statement of accounts and narrative report in accordance with the agreed timetable.

#### Housing Benefits Subsidy Grant Claim

9. The audit of the Housing Benefits Subsidy grant claim is outwith the remit of Grant Thornton in their role as the councils' appointed auditors. In accordance with DWPs requirements the Council appoints Mazars separately to undertake the audit in respect of this claim.
10. In January 2020 Corporate Governance and Audit Committee received confirmation that Mazars completed their audit of the 2018/19 grant claim which was signed off unaltered, although (as in previous years) a small number of minor errors were found. DWP have extrapolated these errors, resulting in an increase of £3.8k in the subsidy grant receivable by the council.

#### I.2 External Inspection and Oversight

11. We come under the oversight of the Care Quality Commission (CQC), the Office for Standards in Education, Children's Services and Skills (Ofsted), Her Majesty's Inspectorate of Probation (HMIP), and Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).
12. We have in place a protocol for the co-ordination of external inspection reports; which ensures that the Chief Executive and relevant Executive Member are briefed in relation to inspections as they are planned and progress. Completed inspection reports are shared with relevant Members, and arrangements can be made for consideration by Executive Board as appropriate.

#### In practice:

In February 2020 Executive board considered a report of the Director of Adults and Health setting out progress made in achieving and sustaining an improving trend in the quality of regulated services operating within the Council boundary. The report provided details of the Care Quality Commission inspection outcomes for social care providers since 2017. .

13. Relevant Directors are responsible for preparing and monitoring action plans arising from any external inspection. Relevant Scrutiny Boards may consider any report and monitor any action plan within their terms of reference. In addition Corporate Governance and Audit Committee may consider the governance and audit aspects of any inspection report where appropriate.
14. The 2018 CQC Local System Review report published in December 2018, and reported in the 2019 Annual Governance Statement, resulted in a robust action plan owned by the Health and Wellbeing Board (HWB).

**2019 Key Action:**

**We will deliver an action plan with our partners to address areas of improvement highlighted by the CQC in their review of health and social care services in Leeds.**

15. The action plan has been kept under review with reports being received by the Scrutiny Board (Adults, Health and Active Lifestyles) in October 2019 and again in March 2020.
16. The October report noted that of the 36 actions identified in the plan, 27 were rated as green (progress matches the objective); 9 as amber (in progress); and none rated as red (insufficient or no progress.). It was however identified that the nature of demographic changes in the plan area would require continuous reflection in the plan.
17. In considering the report, Members requested and were provided with key metrics in place to measure outcomes which are recorded in a separate dashboard. Members also agreed to receive assurance from the newly established Care Homes Oversight Board at future meetings.
18. The 2019 Annual Governance Statement reported on the assessment of our social care services to children as Outstanding. It noted that there were some areas, already known to us, for improvement, and also our commitment that the judgement of Ofsted would not lead to complacency or a slowing pace of reform.

**Key Action 2019:**

**We will, through the delivery of our Service Improvement Plan, build on the city's recent progress and seek to continually improve services for children and families in the city. Our plan sets out how we will achieve these ambitions.**

19. The Service Improvement Plan actions/outcomes are monitored by the Children and Families Improvement team and reported to the Children and Families Leadership meetings.
20. External inspection findings (OfSTED, CQC etc.) and judgements provide further independent assurance of the progress being made by the children's partnership to safeguard and promote the welfare of children and young people.
21. HMIP carried out a routine inspection of Leeds Youth Justice Service in June 2019 considering three aspects of Youth Justice Work: organisational delivery; court disposals; and out-of-court disposals. Whilst the text of the inspection was broadly positive, with a large number of favourable comments, the Youth Justice Service received an overall judgement of 'Requires Improvement' which was a result of the inspector's judgements around one area: Out of Court Disposals.

22. The Youth Justice Service Partnership has reviewed and accepted the recommendations made by HMIP and acknowledges that there are areas for improvement. In response to the recommendations, a service improvement and action plan has been developed. Implementation is underway with progress being monitored and overseen by the Youth Justice Service Partnership.
23. Following consideration by Executive Board in November 2019, the inspection report has been referred to Scrutiny Board (Children and Families) in order to enable the outcomes and implications arising from the inspection to be considered in greater detail.
24. Leeds has a very good track record of engaging young people ‘voluntarily’ through the Youth Panel and has received national recognition from the Youth Justice Board for the positive outcomes achieved for young people and communities across Leeds. The Youth Justice Service has been informed that HMIP will be undertaking a national review of the Out-of-Court disposals methodology within the next 12 months and Leeds has been asked to provide support to this review. It is anticipated that this will be to provide case examples as well as evidence of outcomes and effective engagement practices though the scope of the review is yet to be determined.

### 1.3 Ombudsman

25. The Ombudsman provides independent and impartial investigation of complaints. We consider reports of the ombudsman carefully, particularly where they recommend redress. Whilst each case considered by the Ombudsman is different and takes into account the individual needs and circumstances of the person complaining, we seek to learn from the findings of the Ombudsman.

#### In Practice:

The Ombudsman issued a report in July 2019 following investigation of a complaint relating to the provision of alternative education. The Council has fully accepted the findings of the Ombudsman and the recommendations for remedy put forward.

In its response to the report, the council recognised the opportunity to improve educational attainment and close achievement gaps for children and young people vulnerable to poor learning outcomes in line with the best city ambition, priorities and outcomes.

Both the Executive Board and the Scrutiny Board (Children and Families) received reports in September 2019 detailing the agreed action plan and progress to date, noting that all actions were to be completed by end of the autumn term 2019.