



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Meeting to be held in Civic Hall, Leeds on
Monday, 27th January, 2020 at 10.00 am

MEMBERSHIP

Councillors

P Grahame	J Bentley	P Harrand
A Scopes (Chair)		M Harrison
P Truswell		J Taylor
J Illingworth		
B Garner		

A G E N D A

Item No	Ward	Item Not Open		Page No
1			APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS To consider any appeals in accordance with Procedure Rule 15.2 of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded). (*In accordance with Procedure Rule 15.2, written notice of an appeal must be received by the Head of Governance Services at least 24 hours before the meeting)	
2			EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC 1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report. 2 To consider whether or not to accept the officers recommendation in respect of the above information. 3 If so, to formally pass the following resolution:- RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-	

Item No	Ward	Item Not Open		Page No
3			LATE ITEMS To identify items which have been admitted to the agenda by the Chair for consideration (The special circumstances shall be specified in the minutes)	
4			DECLARATION OF DISCLOSABLE PECUNIARY AND OTHER INTERESTS' To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.	
5			APOLOGIES FOR ABSENCE To receive apologies for absence (If any)	
6			MINUTES OF THE PREVIOUS MEETING To receive and approve the minutes of the previous meeting held on 22 nd November 2019. (Copy attached)	7 - 18
7			MATTERS ARISING FROM THE MINUTES To consider any matters arising from the minutes.	
8			APPLICATIONS PORTFOLIO PROGRAMME - UPDATE ON ACCESS PROJECT To consider a report by the Director of Resources and Housing which provides an update on the current position on Access databases and compliance to PSN. (Report attached)	19 - 24

Item No	Ward	Item Not Open		Page No
9			CUSTOMER CONTACT AND SATISFACTION To consider a report by the Chief Officer, Customer Access and Welfare which responds to the queries from the November 2018 Governance and Audit Committee report on customer satisfaction and provides an update on customer contact and customer satisfaction with Council services. The report outlines the work that is taking place to develop approaches which put the customer at the heart of the work and enables the council to better understand the customer experience and look at ways to enhance this. (Report attached)	25 - 52
10			GRANT THORNTON ANNUAL AUDIT PLAN 2019/20 AND UPDATE ON AUDIT ISSUES To consider a report by the Chief Finance Officer which informs Members of Grant Thornton's audit plan for the audit of the Council's accounts and its value for money arrangements. The report highlights the risk based approach to the audit and the main risks they have identified for 2019/20. (Report attached)	53 - 82
11			INTERNAL AUDIT UPDATE REPORT NOVEMBER TO DECEMBER 2019 To consider a report by the Chief Officer (Financial Services) which provides a summary of the Internal Audit activity for the period November to December 2019 and highlight the incidence of any significant control failings or weaknesses. (Report attached)	83 - 102

Item No	Ward	Item Not Open		Page No
12			WORK PROGRAMME 2020/21 To receive a report by the City Solicitor which notifies Members of the Committee's Work Programme for 2020/21. (Report attached)	103 - 106
13			DATE AND TIME OF NEXT MEETING To note that the next meeting will take place on Monday, 16 th March 2020 at 10.00am in the Civic Hall, Leeds.	

Third Party Recording

Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts named on the front of this agenda.

Use of Recordings by Third Parties– code of practice

- a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title.
- b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete.

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Corporate Governance and Audit Committee

Friday, 22nd November, 2019

PRESENT: Councillor A Scopes in the Chair

Councillors P Harrand, J Illingworth,
P Grahame, M Harrison, J Taylor,
P Truswell and B Garner

31 Appeals Against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents

32 Exempt Information - Possible Exclusion of the Press and Public

There were no items identified where it was considered necessary to exclude the press or public from the meeting due to the confidential nature of the business to be considered.

33 Late Items

There were no Late Items identified

34 Declaration of Disclosable Pecuniary and Other Interests'

There were no declarations of disclosable pecuniary interest made at the meeting.

35 Apologies for Absence

Apologies for absence were received from Councillor J Bentley.

Members were informed that Councillor P Grahame would not be in attendance from the start of the meeting but would join the Committee later.

36 Minutes of the Previous Meeting

RESOLVED – That the minutes of the previous meeting held on 26th July 2019 were accepted as a true and correct record.

37 Matters Arising from the Minutes

The Head of Democratic Services reported the following by way of Matters Arising:

Minute No.25 Resolution (ii) – Scrutiny of Risk – It was reported that the Chair had written to Scrutiny Board Chairs and Directors – following discussion:-

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- the high level corporate risk register was to be regularly shared with Chairs and the detail behind that register would be shared with Chairs on a confidential basis;
- the departmental risks would be shared with principle scrutiny advisors and so used to inform the scrutiny work programme;
- the annual assurance report on corporate risk management arrangements would be strengthened by providing scrutiny boards with the opportunity to look at service specific areas of concern before the report is prepared for Corporate Governance and Audit Committee and the Executive Board.

Minute No. 26 Resolution (iii) – Return of Internal Audit Questionnaires – It was reported that the Chair had written to the Director of Resources and Housing setting out the further request and noting that all requests for feedback would be copied to the relevant Chief Officer. The Director of Resources and Housing had circulated a note to all officers on best council leadership team (BCLT – directors and chief officers).

Referring to Minute No.28 – Approval of the Audited Statement of Accounts and Grant Thornton Audit Report – The Chair requested if clarification could be provided as to the impact of the PWLB loan rate rise.

The Chief Finance Officer and the Principal Financial Manager reported that the Treasury had recently increased the interest rate for the Public Works Loan Board (PWLB) by 1 %, thereby any future borrowing requirements would be charged at the new rate. Members were informed that in line with Treasury Management strategy, long term loans totalling £350m had been borrowed in the early part of the year to replace previous short term borrowing, and that these loans were not subject to the new interest rate rise.

Members queried the period of the new loans and what interest rate was being paid on them.

Members were informed the loans had been taken over a 40 to 50 year period at an average interest rate of 1.775%

Members were made aware that PWLB loans totalling £99m would mature during the current and next three years. Members were informed that this existing debt would be re-financed and would be subject to the new interest rate increase. Questioned about the re-financing and the rate of return, Officers noted that it was likely that the replacement borrowing would be at lower interest rates than the maturing loans, although by a smaller margin than would have been the case without the PWLB rate rise.

38 Assurance Report on Corporate Performance Management Arrangements

The Director of Resources and Housing submitted a report setting out assurance in relation to the effectiveness of the council's corporate performance management arrangements, which form part of the body of evidence the Committee is able to take into account in order to approve the next Annual Governance Statement.

Referring to the key data sets that contribute to the Best Council Plan (BCP) Key Performance Indicators (KPIs) Members acknowledged the information was provided to the Scrutiny Boards in the form of headline topics but detailed analysis/ statistics was not provided which was a reoccurring area of concern.

Members were informed that the some of the key data sets that contribute to the BCP KPIs were subject to independent rigorous checks in terms of being complete, timely, secure and accurate through external audit and external inspections, it was also reported that the Departmental Management Team were also in possession of that information.

Members made reference to the staff appraisal process (Paragraph J of the submitted report) and queried if appraisal objectives were monitored in terms of performance and if so was this information documented.

Members were informed that the information contained in an appraisal was specific to one individual and large scale monitoring may not provide meaningful data.

Commenting on the Best Council Plan 2018/19 – Annual Performance Report, Members queried the statistic provided by Safer Leeds, (Page 51);

“23.2% of respondents in Leeds were satisfied with the level of police presence in their area” – Members suggested that 77% of respondents were not satisfied.

Members were informed that the information was taken from the Police & Crime Commissioner Survey, which was produced by Safer Leeds.

Further queries were raised about performance for schools that are not council responsibility; the number of new homes built; and the funding for replacement of streetlighting.

Officers offered to make the necessary inquiries and report back to Members.

RESOLVED – That the report and accompanying appendix (i) be received as together they provide the key forms of assurance on the robustness of the authority's corporate performance management arrangements.

39 Social Value in Procurement - Update on the Options Being Considered To Accurately Measure Social Value Outcomes

The Chief Officer Financial Services submitted a report which provided an update as to progress towards identifying precise social value related Key Performance Indicator (KPI) targets and methodologies for measuring it.

Addressing the report the Procurement Manager, Resources & Housing explained that in June 2019, the Council's 2019-2024 Procurement Strategy was introduced. The Strategy sets out 5 key areas for procurement, including delivering social value beyond the core services being procured. The Procurement Strategy also incorporates KPIs to measure performance in respect of each of those 5 key areas, however a number of these KPIs require further detail as to the precise targets and methodology for measuring performance.

Members were informed that the following options for monitoring and measuring Social Value were currently under consideration:

- Option No. 1 – Do Minimum
- Option No.2 – External Digital Social Value Toolkit
- Option No.3 – In House Digital Social Value Toolkit

In terms of the next steps it was reported that officers would continue to work with commissioners to assess the above options. Members noted that while Options 2 and 3 would provide greater detail and clarity as to the actual Social Value achieved in all the Council's contracts, both of these options would require some level of additional resource and attract an additional cost. Once all Options had been thoroughly investigated and following the consultation, the Head of Commercial (Legal) would recommend a preferred option to the Chief Officer Financial Services for approval in accordance with her delegated authority.

Commenting on the "Next Steps", paragraph 3.12, Members asked what would be their involvement with the evaluation of the proposed options and associated decision making and what were the likely timescales.

Members were informed that the executive member was being consulted as to whether further reports should be considered by the Executive Board

Members were advised that it was anticipated the evaluation period would take between 6 – 9 months before some meaningful data became available.

Members queried how Social Value was defined

Members were informed that currently there was no definition for social value, but as part of the tendering process, suppliers would be encourage to identify potential skills/ knowledge which would benefit Leeds – Could, for example, the local knowledge or the expertise of a particular supplier be given a value.

It was reported that a Guide to Procurement was currently been developed which would include social value as part of the tendering process

Members requested if the above mentioned document could be circulated to Members.

Referring to the list of Social Value Opportunities, Paragraph 2.7.1, Members queried if the list could be varied.

Members were informed that the list provided was simply an example and could be varied to take in other suppliers, Health Contracts for example.

Members asked that officers consult with elected members in an appropriate forum to enable their engagement as to what should be included in terms of Social Value.

The Chair thanked the Procurement Manager for his attendance and contribution.

RESOLVED –

- (i) That the contents of the report be noted
- (ii) To note that further information would be brought back to this Committee in March 2020 within the annual assurance report on procurement policies and practices
- (iii) That the document “A Guide to Procurement” be circulated to Members at the earliest opportunity

40 Assurance Around the Arrangements in Place for Members to Refer Planning Applications to Plans Panel for Determination and the Governance Arrangements for Enforcement Proceedings

The Chief Planning Officer submitted a report in response to Members’ request for assurance around the arrangements in place for Members to refer planning applications to Plans Panel for determination and the governance arrangements for enforcement proceedings.

The report explained the context for decision making on planning applications in England and described the functions delegated to the Chief Planning Officer in relation to determining planning applications and also provided further detail and assurances around the operational process for Members to request the referral of items to the Plans Panel for determination.

The report also referred to the governance arrangements for dealing with enforcement proceedings, providing assurances round the transparency and robustness of existing processes.

Members queried if all Council Members (99) were aware of the procedure for referring planning applications to Plans Panel for determination.

The Head of Development Management, City Development informed Members that the procedure was to be included on a page on the forthcoming Members “Share Point” site.

Members suggested that a short guide to planning referrals would be helpful for Members; including information relating to material planning considerations.

Referring to Enforcement Proceedings, Members queried if enforcement action was ever taken against the City Council, if they were the owners of the land.

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Members were informed that the City Council would not normally pursue action against itself and it would depend upon the nature of the breach. If a third party was involved, then they may be pursued. If the land was owned solely by the local authority, they had landlord responsibilities and would seek to address the issue through negotiation and discussion with the relevant departments to secure compliance.

Members requested that future assurance reports include information in relation to enforcement activity on council owned land.

Members asked whether cumulative impact was a consideration in respect of de minimis breach for example in relation to “Airbnb” type operations (An online marketplace for arranging or offering lodgings) suggesting that over time such operations may cause issues in terms of removing family accommodation from use.

Members were informed that action could be pursued but a change in use of the premises would need to be demonstrated. In terms of cumulative impact, it was explained that the Council has addressed this in certain circumstances such as for creation of HMOs from dwellings, and taken away Permitted development rights to change between them in parts of the city, but that for Air BnB uses this would be difficult to achieve since there was no change of use if there was no change in character.

Commenting on the “Enforcement Activity across the UK Core Cities” (Page 87) it was noted that Leeds issued far more enforcement notices than the other Core Cities.

Members were informed that a great deal of work was involved when producing an enforcement notice and this may be a deterrent to other smaller authorities.

It was noted there were very few stop notices issued.

Members were informed that such notices had been served, just not within this particular period (a notice has been served since the end of the period). It was explained that in order to serve a stop notice, there was a need to demonstrate significant ongoing harm to amenity.

The Chair thanked Mr Carr, the Head of Development Management, for his attendance and contributions

RESOLVED – To note the assurance provided in the submitted report and the need to provide additional assurances in the referral process

41 Applications Portfolio Programme – Update on Access Project

The Chair welcomed Dylan Roberts, Chief Digital and Information Officer and Louise Whitworth, Head of Information Management and Governance.

The Director of Resources and Housing submitted a report which provided an update on the current position on Access databases and compliance to PSN.

Addressing the report the Chief Digital and Information Officer acknowledged that progress had not been at the pace first anticipated with a number of factors impacting on the slow progress of the replacement programme which included:

- Resources available within services to engage with the project team
- The heavy reliance of services on these databases and potential business impact of the changes
- The continued creation of new Access 2003 databases, which are subsequently deleted by the Project Team following discussion with the service responsible.

The Chief Digital and Information Officer informed Members that in order to escalate the project, a revised plan would be implemented within the next 14 days, which would also include the provision of additional resources.

Members asked if all Directors were aware of the situation.

The Chief Digital and Information Officer said that the Director of Resources and Housing was fully aware of the situation.

Members queried what obstacles were blocking progress.

The upgrading of the databases was a complex process, specialised agency staff had been brought in because they had the necessary skills, in addition further expertise had been sought to consider other technical solutions.

Members queried why new Access 2003 databases continued to be created.

The Head of Information Management and Governance said some services were reliant on the 2003 database model.

Referring to paragraph 3.11 of the submitted report and the work carried out by internal audit who had undertaken an audit of the Access Project, Members asked when the report findings would be made known to Members.

Members were informed that the up to date figures in relation to the access project would be circulated to Members in due course.

The Chair thanked the officers for their attendance and contributions, he said Members were grateful that there was an acknowledgement from officers that progress had not been as anticipated.

RESOLVED –

- (i) That the contents of the report be noted

- (ii) To note the effort being undertaken to rectify the current situation with regards to the Council's approach to maintaining PSN compliance and where progress had been made.
- (iii) That a further update be provided at the next meeting
- (iv) That the up to date figures in relation to the access project be circulated to Members in due course.

42 Grant Thornton Annual Audit Letter 2018/19 and Audit Progress Update

The Chair welcomed to the meeting Gareth Mills, Engagement Lead (Grant Thornton) and Perminder Sethi, Engagement Senior Manager (Grant Thornton).

The Chief Finance Officer submitted a report which presented Grant Thornton's Annual Audit Letter and provided a summary of the key external audit findings in respect of the 2018/19 financial year. A second report from Grant Thornton was also included, which provided an update on progress towards the 2019/20 audit. In introducing the reports, the Principal Financial Manager referred to the Redmond review into local government audit quality, and asked whether Members would wish to see and comment on the council's response to this consultation. Members responded that they would like to do so.

Addressing the reports Mr Mills explained that during the year Grant Thornton issued an unqualified opinion on the 2018/19 Statement of Accounts, and concluded that the council's Whole of Government Accounts return was consistent with the audited accounts. Grant Thornton's review of the council's Annual Governance Statement found that it was consistent with their understanding of the council. The Annual Audit Letter summarised their audit approach and findings in relation to the audit of the financial statements.

Grant Thornton also issued an unqualified opinion on the Council's arrangements to ensure economy, efficiency and effectiveness in its use of resources. They identified financial resilience as an ongoing key risk, and recommended that the council should keep under review the adequacy of its level of reserves. The Annual Audit Letter outlines this aspect of the audit and its conclusions.

Mr Mills reported that Grant Thornton's planned audit fee for the year was £178.6k. The Audit Report presented to the July meeting of the Committee advised the Council that Grant Thornton intended to propose an additional fee of £5k for their work. The submitted Annual Audit Letter confirmed that an additional audit fee of £9k had been proposed, which was subject to approval by Public Sector Audit Appointments Ltd (PSAA). Mr Mills reported that he had recently been advised that this fee had been approved by PSAA.

Referring to the Audit Progress Report and Sector Update Members were informed that Grant Thornton's Audit Progress Report outlined the intended

scope and timescales for their audit work for the 2019/20 audit. It also highlighted a number of current issues which may be of interest to the Committee.

Commenting on the Annual Audit Letter, the Chair asked if the Committee could expect high quality work from Grant Thornton

In responding Mr Mills said he believed Grant Thornton had performed well on the work undertaken so far and that the Committee could expect high quality work.

The Chair accepted the introduction of additional fees on the outcome of McCloud case which could be viewed as unforeseen, but questioned the justification of additional fees to ensure audit quality for pensions and property, plant and equipment valuations which could be perceived as part of the expected work to be carried out by external audit. The Chair asked that Grant Thornton explain in what way the requirements exceeded expectations of the work required to provide satisfactory assurance in line with best practice

Mr Mills explained the additional work was carried out on areas of significant risk and was identified as being required by the Financial Reporting Council (FRC), which is the national regulatory body for local government audit quality. It was noted that these were not issues which affected the financial standing of local authorities, and that the Redmond review would include consideration of the regulator's role for local government audits. The fees were subject to approval by the Public Sector Audit Appointment Ltd (PSAA)

Members queried if there would be additional fees in the 2019/20 audit.

Members were informed that at this stage it was unknown if additional fees would be included in the 2019/20 audit.

Officers were asked to circulate the PSAA process for charging additional fees to Members of the Committee.

In addition the Chair requested officers to contact the PSAA and seek clarification on the process for charging additional fees and express the Committee's concerns with the way in which the additional fees appeared to have been approved without the involvement of the Council.

The Chair thanked Mr Mills and Mr Sethi for their attendance and contributions.

RESOLVED –

- (i) To receive the Annual Audit Letter, noting the conclusions arising from the 2018/19 external audit process
- (ii) To receive and note Grant Thornton's Audit Progress Report and Sector Update

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- (iii) To note the introduction of additional fees on the outcome of McCloud case which could be viewed as unforeseen, and with discontent also those additional fees relating to requirements imposed by the Financial Reporting Council.
- (iv) That the Chief Finance Officer be requested to contact the Public Sector Audit Appointment Ltd (PSAA) and seek clarification on the process for charging additional fees and to express the Committee's concerns with the way in which the additional fees appeared to have been approved.

43 Internal Audit Update Report June to October 2019

The Chief Finance Officer submitted a report which provided a summary of the Internal Audit activity for the period June to October 2019 and to highlight any significant failings or weaknesses.

Members noted that audit reviews were completed at three schools during the reporting period, following a request for audit support around financial management processes. Members were informed that all resulting recommendations had been agreed and measures were already being implemented at each of the schools to strengthen the financial management processes.

Members queried the identity of the schools, and whether they were Maintained Schools.

The Interim Head of Internal Audit explained that it was standard practice to not name the school(s) in question, it was however, confirmed that all three schools were maintained.

Members queried if there were any wider issues in terms of school finance.

Members were informed that the issues are reported to the School Finance Team who carry out twice yearly budget meetings at maintained schools. The School Finance Team also offer "financial health checks" which provide some assurances around wider financial management practices. Internal Audit will also be promoting best practice across maintained schools.

In relation to anti-fraud work Members asked for more information to be broken down around the recovery of benefit overpayments.

Members were advised that this information would be included in the Head of Audit's January report to this Committee.

Referring to the Audit Plan 2019/20 Members asked if sufficient resources were available to carry out all the necessary audits.

The Interim Head of Internal Audit confirmed that there was a slight fall in resources from the previous year, the priority for the year ahead was to provide audits at greater depth focussed on areas of higher risk.

It was suggested by one Member that “risk margins” should not be diminished and were there any comparisons with the Core Cities resources.

It was reported that the requested information would be included in the next update report to Committee.

RESOLVED –

- (i) To receive the Internal Audit Update Report covering the period from June to October 2019 and note the work undertaken by Internal Audit during the period covered by the report.
- (ii) To note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period.

44 Work Programme 2019/20

The Head of Democratic Services presented a report of the City Solicitor which set out the ongoing Work Programme for 2020.

Following discussion at today’s meeting it was agreed that the subsequent item be added to the Work Programme:

- Applications Portfolio Programme – Update on Access Project (January 2020)

RESOLVED – That, with the inclusion of the above, approval be given to the draft work programme as set out in the Appendix of the submitted report

45 Date and Time of Next Meeting

RESOLVED – To note that the next meeting will take place on Monday, 27th January 2020 at 10.00am in the Civic Hall, Leeds.

CHAIR'S CLOSING REMARKS

The Chair reported that today’s meeting would be the final occasion that Andy Hodson would serve as the lead officer to the Committee having recently been appointed as the Head of Democratic Services.

Members joined the Chair in expressing their thanks and appreciation to Mr Hodson commenting that his guidance and knowledge had been very much appreciated over the past ten years.

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**Report of Director of Resources and Housing
Report to Corporate Governance and Audit Committee**

Date: 27th January 2020

Subject: Applications Portfolio Programme – Update on Access project

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Is the decision eligible for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes ☒ No

Summary of main issues

Concern was raised at the November 2019 Corporate Governance and Audit committee with regards to the progress being made on the Access 2003 database replacement project which must be completed before the Council is subject to a Public Services Networks compliance Healthcheck in July 2020.

It was reported at that board that progress had been slow due to issues with skilled technical resources being available to do the work and conflicting priorities.

This report updates members on the progress made to remedy the situation and get the project back on track.

Recommendations

- 1.1 Corporate Governance and Audit Committee is asked to consider the contents of this report and support the actions therein.
- 1.2 The project team recommends providing the Committee with another update paper on Access progress for the next meeting.

1. Purpose of this report

- 1.1 To provide Corporate Governance and Audit Committee with an update on progress with the Access 2003 replacement project.

2. Background information

- 2.1 The Public Services Network (PSN) was set up as an assured route for information sharing by central government across public sector organisations. It provides a compliance regime to assure a good level of information security arrangements are in place. The Council has worked hard over the last number of years to achieve and maintain compliance as security risks evolve.
- 2.2 Microsoft Access 2003 is no longer supported by Microsoft and therefore could introduce a cyber security risk. The Council must move away from Microsoft Access 2003 as soon as possible, and at latest by July.
- 2.3 Microsoft Access 2010 will go out of support at the end of October 2020 and the Council will need to migrate from it before end of June 2021.
- 2.4 Microsoft Access is a tool that is heavily relied upon in services and underpins important business processes, for example in Finance, Children's and Highways.
- 2.5 The project initially identified 534 Access 2003 databases in May 2018. The project is currently working on 237 databases, either to be replaced and/or converted by the project. Of these, 31 are 'pending deletion' leaving 206 to resolve.

3. Main issues

- 3.1 Since the last board work has focused on the following:

- a) Ensuring the right technical expertise and amount of resources are assigned onto the project.

A new Solution Architect (SA), with the right expertise to determine and decide the optimal plan of action for each database, has been assigned to the project as of 2nd Jan 2020.

A Business Analyst (BA), is assigned to the project with the expertise to determine the requirements for replacement (as in what the database does that an alternative solution would have to do).

It was determined necessary to recruit a number of technical developer resources be dedicated to do the work of converting Access 2003/2010 databases into alternative solutions. DIS are currently putting specifications out to the contractor market and a requirement to the new Digital and Information Service supplier framework to address this. This issue was compounded by a further contractor resignation in December and the Christmas break.

- b) Challenging and reviewing the methodology for moving off Access 2003 in the timeframe.

The methodology is:

The BA ascertains the requirement for the database and challenges its value. The SA determines the plan of action which is move the service to use an existing system that meets the majority of the requirement, develop an alternative using LCC tools or buying or building an alternative. In cases where it will be impractical to replace the database by July, there will be a migration to Access 2010. Different resources, including those in services, are then required to do the implementation of the option.

- c) Challenging the project management, governance and escalation arrangements.

The project management arrangements, e.g. resource and governance on this project will be strengthened. Resources will not be taken off the project without escalation to the Chief Officer. Now that there is a revised scope a fortnightly board is to be set up and run from the 31st January that will initially be chaired by the Chief Digital and Information Officer with the Head of Information Management and Governance as the Senior Responsible Owner (SRO).

- d) A communication has gone to services instructing them that they must not create new databases which compound the problem. The Director of Resources and Housing will ensure that there is visibility of the issue at Corporate Leadership team.
- e) Re-baselining the plan:

3.2 The table below demonstrates the revised milestones:

Milestone	Actions	Planned date
Set up of revised team and development of more granular plan.	Assess the problem and plan of action of each database. Recruit resource to do the work. Provide clear communication to services. Kick off with revised arrangements.	Feb 2020
Phase 1 CRITICAL MILESTONE	The deletion, replacement* or conversion** of	30.06.20

	Access 2003 databases	
Phase 2 CRITICAL MILESTONE	Deletion or replacement of Access 2010 databases	30.06.21

*Replacement with an alternative solution

** Conversion to Access 2010

4. Corporate considerations

4.1 Consultation and engagement

- Significant consultation and engagement has taken place with all service areas and continual challenge must be maintained.

4.2 Equality and diversity / cohesion and integration

- There are no issues in relation to Equality and Diversity or Cohesion and Integration.

4.3 Council policies and best council plan

- The Access replacement are part of the Council's wider compliance programmes for GDPR, PSN IA, PCI DSS and IG Toolkit.

4.4 Resources and value for money

- Analysis by DIS shows that the essential requirements of many of the databases can be replaced by current in-house developed solutions such as SharePoint lists or corporate case management solutions. It may be necessary for some services to make appropriate trade-offs in terms of accepting slightly less functionality whilst having solutions that meet the primary requirement of the original database.

Legal implications, access to information, and call-in

- Delegated authority sits with the Director of Resources and Housing and Senior Information Risk Owner and has been sub-delegated to the Chief Digital and Information Officer under the heading "Knowledge and information management" in the Director of Resources and Housing Sub-Delegation Scheme.
- There are no restrictions on access to information contained in this report.

4.5 Risk management

Ongoing risks that have not been noted so far in this report:

- The project has concerns due to the lack of information being provided within timeframes that will potentially impact on timescales for delivery. This is due to a number of factors, including services being unclear about who manages or owns their databases (i.e. staff who built it have now left the council) and the level of information which is held.

Mitigation: The project team are working with service areas to identify this information and will escalate any problem areas to the Director of Resources & Housing to be picked up with the respective Director or head of service.

- Dependencies on service areas to work with us in the timescales we need them to, e.g. providing information in a timely manner, being able to implement a new solution within timescales and working around their usual business workload. It's been identified by more than one service area that they have restrictions on when they can implement new solutions (e.g. financial reporting period) and timescales for new solutions in the pipeline to be delivered (e.g. Housing's new solution). Regular communication has been established with the other projects to ensure any slippage is communicated urgently.

Mitigation: Services to be directed by CLT to prioritise this work, and other compliance work, over other work.

5. Conclusions

- 5.1 Work has been done to re-base line this project, assign the right skills and expertise as well as introduce increased rigour to its management and governance. This will result in a more detailed understanding of work that needs to be done and the plan of delivery that we can be more confident in.

6. Recommendations

- 6.1 Corporate Governance and Audit Committee is asked to consider the contents of this report and support the actions therein.
- 6.2 The project team recommends providing the Committee with another update paper on Access progress for the next meeting.

7. Background documents¹

N/A

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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**Report of the Chief Officer, Customer Access and Welfare
Report to the Corporate Governance and Audit Committee**

Date: 27 January 2020

Subject: Customer Contact and Satisfaction

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Is the decision eligible for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes ☒ No

Summary of main issues

- 1.1 This report provides the annual update on customer contact and satisfaction levels with customer services delivered through Customer Access on behalf of the Council.
- 1.2 It provides:
 - An update on two key areas, and a response to a request for additional information, which were raised in response to the annual report presented to the November 2018 Corporate Governance and Audit Committee;
 - An overview of customer contact, satisfaction and developments through the Council's corporate customer services function – Customer Access;
 - An update on the audit of customer contact with members;
 - An analysis of formally logged complaints through the Customer Relations teams;
 - An overview of the customer care standards.
- 1.3 The report outlines the work which has taken place in order to ensure services are delivered in the most cost effective way whilst aiming to put customers first at a time of budgetary constraint. Whilst satisfaction levels with Customer Access remain high there are ongoing challenges and teams are working hard to mitigate these.
- 1.4 Based on the information provided in this report, it is the view of the Chief Officer for Customer Access and Welfare that the Council's processes and procedures around

customer contact and satisfaction are deemed adequate and acceptable, given the prevailing financial climate and the demand for services. Improvements will continue to be made in order to deal with the challenges we face and to deliver a more consistent experience for customers who contact the Council.

Recommendations

Corporate Governance and Audit Committee are asked to:

- note the information provided;
- support the work outlined to develop the approach further;
- recognise the developments outlined which will further enhance customers' experiences; and
- suggest areas where they would like to see further focus.

1.0 Purpose of this report

- 1.1 This report responds to the queries from the November 2018 Governance and Audit Committee report on customer satisfaction and provides an update on customer contact and customer satisfaction with Council services. It does this by considering the component factors i.e. scale and scope of customer contact; levels of customer satisfaction with the provision of customer services; and, information from the Council's formal complaints process.
- 1.2 It outlines work that is taking place to develop approaches which put the customer at the heart of the work and enables the council to better understand the customer experience and look at ways to enhance this.
- 1.3 Finally it assesses the information and asks Governance and Audit Committee to note the assessment and provide challenge and comment to support further development in this area.

2.0 Background information

- 2.1 Corporate Governance and Audit Committee have received regular annual reports for a number of years on the Council's contact and satisfaction. At the November 2018 Corporate Governance and Audit Committee meeting the Annual Report on Customer Contact and Satisfaction report was discussed. There was a request to focus on the following 2 key actions to continue to address challenges in respect of;
 - telephone waiting times – an update on this is provided at paragraph 3.4.2;
 - 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. The continuing focus on the customer and customer needs is threaded throughout this report. Training is provided to contact centre staff and all community hubs provide support to customers when they need it in relation to digitally enables services. In addition Libraries are leading on the Digital Leeds Initiative (as outlined in paragraph 3.5.6).
 - In addition, information was requested on financial settlements arising from insurance claims and this is provided at paragraph 3.7.4.
- 2.2 Information has been collected from a variety of sources to inform this report and to provide a picture of customer satisfaction. It aims to provide assurances that the customer is at the heart of service delivery and to show a focus on continuous improvement.
- 2.3 Work continues to take place within budgetary constraints. There has been some additional funding secured for the contact centre, following staff reductions and reduced performance, which has resulted in improved performance. Considerable work continues to ensure focus on the needs of the customer whilst developing smarter working to achieve efficiencies and reduce costs.

3.0 Main issues

3.1 The majority of customer contact with the Council is managed at the first point of contact through Customer Access. This part of the report provides a picture as to how customers are contacting the council through the access routes managed by Customer Access and how performance and satisfaction are measured. Data and information is provided along with an outline of developments which are planned in order to continually improve performance.

The access channels for customers provided by Customer Access are:

- Face to Face access through the Council's community hubs, one stop centres and community libraries;
- Telephone access through the Council's corporate contact centre;
- Digital access through the Council's website, on-line transactions and e-mail.

3.2 Face to Face - Community hubs, one stop centres and libraries

3.2.1 Community Hub Developments

3.2.1.2 Over the last 12 months the following community hubs have been refurbished and re-opened to the public – Morley, Otley, and Hunslet.

3.2.1.3 During this time Guiseley Library building was closed and the library facilities moved into the newly refurbished Aireborough Leisure Centre. A new community hub and library has also been opened within Kirkgate Market.

3.2.1.4 Other work currently ongoing is the work to refurbish Armley Hub. The work to refurbish the site is taking place in 2 phases so that it can stay open during the work. Phase 1 which is the community hub area has been completed and re-opened and phase 2, the library area has now begun.

3.2.1.5 The work to refurbish Burmantofts Housing Office is also underway and will create a community hub that will be opening in February 2020 and plans are also being progressed for community hubs in Crossgates, Beeston and Farsley.

3.2.2 Face to Face contact

3.2.2.1 The level of contact is shown below:

Channel	Apr 18 – Sep 18	Apr 19 – Sep 19
Community Libraries - Visits	869,881	734,529
Books Issued	888,058	855,371
PC usage	179,096	185,792
Central Library - Visits	276,423	272,051
Books Issued	210,943	206,136
PC usage	47,673	37,357

3.2.2.2 Due to decommissioning of the customer relations management system there is no footfall data for community hubs for 2018. Work is ongoing with DIS to develop and implement a new IT system (CATS – see update later within this report) that includes a footfall reporting function. The new CATS system is still being developed, but some basic data is already available and this shows footfall for April to Sept 2019 as 268,443.

3.2.2.3 The libraries data detailed above shows a decrease in the current year, which is in line with the trend nationally. However, it is important to note that during both periods some of the community libraries were closed for refurbishment for periods of time and as above, facilities to record footfall were not available whilst work was taking place to improve IT systems. It must also be noted that data regarding visits is only available at sites where IT systems are still in place to record visitor numbers, with only 52% of sites recording data. As the roll out of CATS happens across the city, better quality data will become available going forward.

3.2.3 Face to Face Services – Customer satisfaction:

3.2.3.1 For face to face contact, the average customer satisfaction score continues to be 99% ie responses 4 and 5 in a 5 point rating survey - this level has remained constant now for the last 5 years. Surveys are paper based and located within Hubs. The results are input by each Hub and collated on a monthly basis, then validated annually in October by external staff to ensure results are a fair representation.

3.2.3.2 The most recent Customer Services Excellence assessment was undertaken in October 2019, and the overall assessment rated the service as 'Strong'. The following comments are taken from this assessment:

- You regularly develop new approaches to consultation ensuring that you get good feedback not only about your core services, but also what your communities want from their hubs, and from your community initiatives
- There is considerable evidence that staff are very good at sharing information and using it to reduce avoidable contact. In very many cases staff are able to deal with issues at the first point of contact, but in those services where there is a longer intervention with the customer, staff make it clear, for example, where further information is required and provide customers with dates for completion of the service
- The Service is very busy, responding to a range of issues within communities and it seems that the level of change and continuous improvement is happening almost on a daily basis. There remains a very strong customer focused culture within individual Hubs. Managers, supported by their staff, have taken responsibility to develop, lead and inspire this new focus on local needs. Information provision is good. Satisfaction levels remain very high and service delivery is good. There are few complaints, and when these occur they are managed speedily and effectively.

3.3 Impact of Universal Credit

3.3.1 Help to Claim is a nationwide service launched by Citizens Advice in April 2019 and funded by a grant from central government. This scheme replaces the previous Universal Support service provided by local authorities which has now ceased. In Leeds this has meant that those seeking to claim Universal Credit are no longer directed to the Council's Community Hubs for assistance and are instead directed to the 'Help to Claim' services of local Citizens Advice. UC claimants are still welcomed into the Community Hubs to access the self-service computers, however any in-depth enquiries are referred to the Citizens Advice services. Between 1st April and 31st October 2019 Community Hubs handled 5,000

enquiries relating to Universal Credit, over half of which were to signpost to Citizens Advice and DWP support, this signposting is expected to continue to increase.

3.3.2 When a customer in receipt of a DWP legacy benefit claims UC the DWP notify the local authority to stop the corresponding housing benefit claim. A target of 10 working days to action this notification is set. Once a customer claims UC they are unable to return to legacy benefits, including housing benefit.

3.3.3 As of October 2019, housing benefit claims in Leeds had reduced by 12,055. Of these 6,049 were council tenant claims and 6,006 private and housing association claims. The main reason for this reduction is due to people moving to universal credit, however for a minority of cases other reasons such as change in earnings will apply.

3.3.4 Council tax support take up has increased since Universal Credit full service roll out. Total take up at October 18 was 12,692, and in December 19 was 21,658. Most of this increase is for people of working age although there is also a very small increase for those of pension age. The maximum council tax support is 75% of the council tax charge so a charge-payer claiming UC will always have a minimum 25% council tax to pay from their own income (Council Tax Support Policy). Work is taking place within the service to integrate council tax and benefits in order to ensure the support required is available

3.4 Corporate Contact Centre

3.4.1 Contact Centre progress

3.4.1.1 Joint working to improve the customer experience has continued following the recommendations put forward by the Citizens and Communities Scrutiny Inquiry into Reduced Repeat Customer Contact in 2016 and the internal programme within Customer Access championing the Voice of the Customer.

3.4.1.2 This joint work focussed on the high-volume services of Housing and Council Tax and Housing Benefits, looking at the causes of repeat contact to the contact centre. The work carried out for the scrutiny inquiry helped to identify factors that contributed to service failure and promoted closer working between these services that has continued to improve service delivery.

3.4.1.3 As a result of this closer working, changes have been made to processes to ensure that enquiries are being dealt with by the most appropriate person first time to help reduce repeat calls and also reduce the number of calls being transferred between departments.

3.4.1.4 Within the Council Tax work stream, the development of CATS (Customer Access Transactional Service), has meant that staff are now able to record the reason for customer contact. This has allowed Council Tax and Customer Access to work together to analyse why customers make contact and identify areas for improvements.

3.4.1.5 Service redesign work is already underway with Council Tax (see paragraph 3.6.2) and is planned to commence with Housing in the New Year. Both pieces of work are to be completed using a 'people centred' design approach to ensure the needs of customer and staff are being addressed.

3.4.1.6 Following the successful Voice of the Customer pilot, this process has been rolled out across the whole of the contact centre. Customer Services Officers (CSO's) are asked

to identify processes which they feel were creating frustrations for customers and staff alike. This has led to improvements being made to processes which in turn has improved the customer experience. Call times have reduced due to simplifications in process / improved handling and financial savings are also being made.

3.4.1.7 All service improvements that are introduced are tracked to ensure that they result in improving service delivery for customers.

3.4.2 Contact Centre Contact

3.4.2.1 The level of customer contact is shown below.

Channel	Apr 18 – Sep 18	Apr 19 – Sep 19
Telephone	816,165	687,528
E-Mail	135,316	110,215

3.4.2.2 For the period April 2019 to September 2019, the contact centre saw a reduction in both telephone and email contact against the same period for the previous year. These reductions are in part due to service redesign work and improvements to web services, however it must also be noted that from February 2019 calls for the Leeds Housing Options (homelessness service) were transferred back to the service and the service averaged 2,000 calls per month. The service has worked to gain meaningful and robust performance data. This is now available and shows, for November and December 2019, an answer rate of 100% of calls offered, 85% within target (20 secs) and the remainder within 60 secs. This is being monitored on a monthly basis.

3.4.2.3 To tackle long wait times on Housing lines additional funding was provided to the Contact Centre by Housing to enable them to recruit more CSO's to take Housing related calls from April 2019 and deliver an average 1 minute wait time on Housing Lines.

3.4.2.4 As a result of the additional funding, 30 CSO's (26.24 FTE) were recruited enabling call wait time on the Housing lines to be reduced from an average of 10 minutes at its worst to an average of 60 seconds now. The actual number of calls answered – ie – not abandoned - has also improved from 90% at its worst to 98% now as customers are getting through first time.

3.4.2.5 The lines now with the longest wait times are the Council Tax and Housing Benefit lines which averages at 11 minutes for Council Tax and 16 minutes for Housing Benefits. This is an increase from the same period last year which was 10 minutes on both lines. There has been an increase in calls to these lines, with nearly 5000 more calls this year. This team has seen the most attrition of staff in the last year and recruiting and training new staff on these lines takes several months.

3.4.2.6 Work is ongoing to reduce call volumes on these lines through enabling customers to self-serve. There are continuing issues with third party suppliers being able to deliver their self-serve products on time and to our quality requirements.

3.4.2.7 Work to increase staff satisfaction and retain staff within the contact centre started last year and includes;

- *Developing the contact centre as a career pathway for apprentices to a range of customer-related jobs within the council.* There are currently 15 apprentices within the contact centre working across a range of services. Recruitment is ongoing on a quarterly basis and as part of the programme apprentices are given the opportunity to shadow other areas of the council to provide them with an overview of how departments operate and how this links into the contact centre.
- *Engaging staff within the contact centre through greater involvement in improvements and recognition for a job well done.* The contact centre have developed a working group called 'Your Voice' which is made up of staff from across the contact centre and is a forum for staff to raise concerns, identify areas for improvement and recognise staff achievements. This will build on the work already completed as part of the Voice of the Customer programme.
- *Planning for the future to ensure technology supports our vision for customer access now and in the future.* The contact centre is due to deploy EVR technology (Enhanced Voice Recognition) which will allow customer calls to be connected through to the correct department without the need for complicated Interactive Voice Response options. The telephony platform and subsequent software is due to be upgraded in April 2020 which will provide additional functionality that will allow improvements to be made in the way calls are connected, enhanced reporting functions and improvements in the way staff are scheduled.

3.4.3 Contact Centre - Customer Satisfaction:

3.4.3.1 The approach to customer satisfaction surveys changed in 2019. Previously, at the end of a call, the CSO would ask customers if they could transfer them to complete a survey. However this meant that staff could choose who they put through to the survey and who they did not.

3.4.3.2 In January 2019, a new customer feedback survey system was introduced that randomly select customers to call back following their telephone enquiry. Following the move to this new system the general satisfaction scores have fallen from 95% in 2018 to 89% in 2019. However, the system provides more detailed feedback on what specific areas are impacting on satisfaction.

3.4.3.3 What has been clear from the new survey is the satisfaction with our staff knowledge and empathy is high, with average scores of 89% and the main dissatisfaction is with the amount of time they have had to wait for their call to be answered on certain lines. The number of customers happy with the wait time for housing lines was 48% in April, however with the additional staffing this has increased to 77%. For Council Tax and Benefits lines the scores are 46%, although customers rate knowledge and empathy at 89%.

3.4.3.4 Where feedback is received about an individual CSO, this is now sent back to the relevant Team Leader within an hour of the initial call so that they can provide the relevant feedback or coaching that may be required as close to the call time as possible.

3.4.4 Contact Centre development:

3.4.4.1 During the next 12 months the following will be developed to improve satisfaction:

- Detailed evaluation of the new telephone surveys and relevant changes as required;
- Increased use of the satisfaction survey data to provide targeted coaching and feedback for CSO's;
- Extend the use of the new survey tool to other channels to allow for better analysis and comparison;
- Continue to develop a performance dashboard which will pull together information from different areas of Customer Access to provide enhanced detail on the changes needed to improve the overall customer experience.
- Develop a personalised CSO dashboard so they are able to see their own performance on a daily basis.

3.5 Digital Services

3.5.1 Digital Access Team

3.5.1.1 Over the past year the Digital Access Team has grown with specialists now in place in user research, content strategy, social media, development and design. The team is responsible for making online services simpler, clearer and faster and the content easy to find, read and understand.

3.5.1.2 To manage our site, achieve consistency in quality and compliance with legislation (e.g. GDPR, Web Accessibility), new standards for web content are now in place helping the council to deliver a better digital experiences to citizens of Leeds. A content review work programme is currently being undertaken which focuses on covering all current content by the end of 2021.

3.5.2 Council website

Channel	Apr – Sep 18	Apr – Sep 19
All website page visits	9,071,497	8,838,300

3.5.2.1 The above comparison shows the volume of all website page visits. More customers are now able to find the information that they need quickly due to the ongoing work to improve the web content which is based on customer research undertaken by the Digital Access Team.

3.5.2.2 Work continues with emphasis on a customer centric approach to managing the website content and online services. In practise this means that user research and testing, takes place so that what is built is designed for people, rather than teaching people how to use them after they have gone 'live'.

3.5.2.3 One of the most common reasons for a difficult-to-navigate online services is because the set-up is derived from the business structure of the organisation, rather than from customers' needs. To stop this from happening research takes place on how customers interact with the council online and testing with the customers helps to:

- understand what people need to interact with the council about and how to design the website to help customers to self-serve easily online;
- understand where current content, design or navigation is failing and how to improve it by looking at what works well, and
- validate solutions with real customers before they are committed to.

3.5.3 Self-service online transactions

3.5.3.1 The following transactions have taken place

Channel	Apr – Sept 18	Apr –Sept 19
Self-service online transactions (not including calls answered by IVR)	984, 918	1,205,648
Percentage of digital services contact via on-line transactions (not including IVR)	66%	74%

3.5.3.2 There has been an increase in the number of transactions undertaken over the first 2 quarters of the year in comparison to the same period last year.

3.5.3.3 The rise in use of online transactions for Highways, Waste and Environmental services has coincided with the number of gross calls received for these areas reducing by 9,990. Further work is taking place to increase channel shift through:

- continuing to base web content and services on customers' needs;
- training Customer Service Operatives to more effectively promote all online services;
- improving telephone services; and
- investigating opportunities for making future improvements through artificial intelligence.

3.5.3.4 Along with the success of the bin app, the council website's 'Check your bin day' page continues to be heavily used. To date, the number of users have increased in 2019/20 by 20% to 369,240.

3.5.3.5 Repeat contact for digital services has fallen by 24%, the most notable reduction has been for Waste service. The customer satisfaction of the online users of these services continues to be varied. Response rate is from approximately 10% (3,411) of our self-service customers and almost 50% (1,471) of these are from users of Waste services. Learning from, and working with stakeholders on addressing the issues raised continues.

April – Sept 2018

Survey question	All	Waste	Highways	Environmental Services	Unwanted items
How easy was it to make your request?	73%	68%	74%	75%	71%
Were the updates you received clear and accurate?	85%	83%	78%	80%	97%
Customers happy with the service received	62%	47%	59%	65%	92%

April – Sept 2019

Survey question	All	Waste	Highways	Environmental Services	Unwanted items
How easy was it to make your request?	74%	63%	72%	70%	83%
Were the updates you received clear and accurate?	83%	77%	80%	78%	93%
Customers happy with the service received	62%	44%	58%	78%	96%

Work is ongoing to increase customers' satisfaction in relation to reporting missed bin collections. There are two areas the service are concentrating on to support an improvement in collections:

- introduction of the new role of Chargehand who will take on the responsibility of updating the in-cab technology;
- re-planning routes across all collections black, green and brown to eradicate the known problem routes.

The ongoing Customer Access Transactional Services project and service liaison work is aiming to further improve the online content for customers. Implementation work following the scrutiny inquiry into waste management services is ongoing and this will address customer satisfaction. Progress on this will continue to be tracked by Scrutiny.

3.5.4 Emails received for Digital Services

Channel	Apr – Sept 18	Apr –Sept 19
Emails received for digital services	11,385	8,782

This year's comparison shows lower figures as it no longer includes 'bounce-backs' e.g. automatic replies received from email accounts. This reduction highlights the further progress that is being made through work such as the diversion of Waste and Leeds Homes email contact to our online channels.

3.5.5 Social media

Social media work helps to:

- have a trusted voice that can quickly reach a large amount of people;
- be a proactive provider of information before significant volumes of offline content is generated, and
- actively build online reputation rather than simply reacting to contact generated by events or issues.

Followers	Facebook	Twitter
April 18	23,800	23,959
September 18	26,937	23,946
April 19	29,922	24,560
September 19	32,472	24,909

The vast majority of customer services activity is carried out on Facebook and the growth in the number of followers shows no sign of stopping. This option allows people to engage on the platform they're most comfortable using, in their own time, at their own convenience, and the council has the opportunity to drive website traffic and actively promote the benefits of our self-service systems.

Facebook	Apr 19	Sept 19
Enquiries received	693	1,656*
Response times	17.19 mins	18.22 mins

*September 2019 saw a huge peak in refuse and council tax enquiries

There are a number of high profile campaigns coming up this year to promote, and include:

- Changes to bin collections over Christmas
- Recycling unwanted Christmas presents
- Myth-busting gritters
- Primary school application deadline (mid January)
- Preliminary work to encourage Govdelivery sign-ups for Council Tax
- E-billing promotion

3.5.6 The Digital Leeds Initiative

3.5.6.1 Across Leeds, thousands of adults still lack the basic skills they need to participate in today's increasingly digital world. People who are offline miss out on all the benefits the internet has to offer, for example help to find work, saving money or keeping in touch with friends and family. The 100% Digital Leeds initiative, led by Leeds Libraries, is working with partners across the city to ensure that everyone has the opportunity to learn these skills and access the equipment they need: www.digitalinclusionleeds.com

3.5.6.2 The council's network of 34 public libraries provide access to over 500 public access PCs, a wide range of digital resources ranging from access to e-Books and comics, to *Life in Britain*, an online study resource for citizenship tests and regular 'Discover Digital' supported learning sessions. In addition work is taking place with organisations that have an established relationship with those lacking basic digital skills and are helping to support them to embed digital inclusion within their practice in the ways which best suit them and their service users.

3.5.6.3 The council offers free Digital Champions training to anyone active in the community; they go on to inspire others, improve people's confidence and help raise awareness of the online world. They do this through being supportive, encouraging and patient. Partner organisations can also borrow 4G enabled iPads, free of charge, to pilot different approaches to digital inclusion. In this way, the council supports people in council premises accessing council service and also supports the increase of digital inclusion more widely

3.6 Other development work happening in Customer Access

3.6.1 Decommissioning of C360 & Build / Development of CATS

3.6.1.1 C360 is the IT system currently being used by Customer Access and was introduced in December 2017 when Seibel Customer Relations Management was decommissioned. It provides online forms for customers (or Customer Service Officers) to request services from Waste, Highways, Planning and Environmental Services.

3.6.1.2 In October 2020 C360 will become non-compliant with PSN and therefore will be decommissioned. Work is currently underway to replace this system and also re-introduce the facility to be able to record and report on all customer contacts which is not available in C360.

3.6.1.3 User research has been carried out with the CSOs in hubs and the contact centre which indicates that the current (reduced) level of customer contact recording means that many customers have to fully explain the history of their enquiry at appointments thereby extending the time of these.

3.6.1.4 The new IT system, CATS (Customer Access Transactional Services) for Customer Access will be able to record and report on all customer contact and for customers to be able to carry out the transactional services that they currently do on C360.

3.6.1.5 CATS allows CSOs to log all customer contact and the types of enquiries and actions taken. This will provide performance information for the Contact Centre and the Hubs and enable targeted resource planning and training to ensure that sites and phone lines are staffed to the correct resource and skill level.

3.6.1.6 The ability to log footfall (the number of customers using Hubs) went live in Hubs and the Contact Centre in April 2019. In November 2019 the functionality to create customer records and to log their contacts against them went live in Merrion Hub. This functionality will be rolled across the city over the coming months.

3.6.1.7 The transactional forms currently used by customers to request services will begin to move over into CATS from Spring of 2020, allowing the full decommission of C360 by October 2020. The functionality of the CATS system will continue to increase over time allowing CSOs to send work requests on to other Directorates and to integrate directly with relevant back office systems.

3.6.2 Council Tax – Service Design

3.6.2.1 Over the last 12 months a 'people centred' design approach has been taken to improving the customer experience. It considers the whole process from the first point of contact by the customer right through to how the information is handled in the back office and across all our contact channels (face to face, telephone, online & letter). Workshops have taken place with customers and staff which have resulted in the following changes:-

- **Improvements to the automated attendant telephone system – IVR.**
This now has one simple menu, no more than three levels to it and no more than four options on any menu. Customers are redirected to the web where they are able to complete an action such as student info, change of address etc. so they don't have to listen to the whole IVR before being told to go online.

New options now direct customers to the automated payment line, the Recovery Team within Council Tax or to the Valuation Office information

when relevant so that they are removed from the queue at the earliest opportunity rather than these calls going into the Contact Centre only to be redirected after speaking to a CSO.

The new IVR went live in September 2019 and since then the transfer of calls between members of staff has reduced by 70% and overall costs in the first month have reduced by £4K as the IVR is handling more calls than it previously did

- **Improvements to the website journey for customers wanting to report a change of address.** Customer's wanting to report a change of address is one of the top phone enquiry types to the contact centre. Through working with customers it became clear where the blocks were to them easily being able to report a change of address on line. Changes have now been put in place and tested with customers. This showed that they were able to complete their enquiry significantly quicker than previously and the changes went live in late November 2019.

3.6.2.2 Landlord contact - Contact from landlords and letting agents wanting to report a change in a tenancy accounts for over 20% of contact into the Contact Centre. Not all required information is provided initially and this creates extra work for Council Tax as they have to contact them again for the missing information. Work will take place with landlords to determine where improvements can be made to ensure that all relevant information is captured first time, reducing the need for a second contact and improving processing times.

3.7 Customer Relations

3.7.1 Complaints Performance Overview

3.7.1.1 The table below gives an overview of the number of complaints received by each directorate over the first 2 quarters for 2018/19 and for 2019/20.

	Complaints (Stage 1)		Complaints (Stage 2)		Ombudsman Cases	
	Apr to Sep 18	Apr to Sep 19	Apr to Sep 18	Apr to Sep 19	Apr to Sep 18	Apr to Sep 19
Communities & Environment	1086	970	75	81	11	14
Resources & Housing	1095	1391	147	184	32	24
City Development	176	156	40	28	10	12
Adult Social Care*	210	295	34	3	12	7
Childrens Services	170	180	14	4	29	12
Total	2737	2992	310	300	94	69

* Complaints are risked assessed and dealt with accordingly. Whilst the terms 'stage 1 and stage 2' are not used in the ASC context they have been used here for ease of comparison. Informal resolution is encouraged and the 'stage 2' is conducted by an independent investigator.

3.7.1.2 Current performance shows that larger volumes of complaints are received by Resources & Housing and Communities & Environment. Comparing Q1 and Q2 from

2018/19 to the same period in 2019/20, overall the total number of complaints received have increased. Key points from this high level information show:

- Complaints in Communities & Environment have reduced at stage 1, with escalation to stage 2 increasing a little. The largest number of complaints received within Communities & Environment have related to Waste Management, however the number of Waste Management complaints have reduced from the same period in the previous year;
- There has been an increase in complaints received by Resources and Housing at both stage 1 and stage 2. The largest number of complaints relate to Housing Leeds. Complaints received by Housing Leeds have increased on the same period in the previous year;
- Complaints received by City Development services have reduced.
- Adult Social Care complaints at Stage 1 have increased over the same period but have reduced significantly for stage 2;
- There has been a small increase in stage 1 complaints for Children's Services and a decrease in stage 2 complaints.

3.7.1.3 Expanded details of the key areas and actions being taken within each directorate are provided in Appendix 1.

3.7.2 Local Government Ombudsman contact

3.7.2.1 In the Local Government Ombudsman's annual letter it indicated that they had addressed 180 cases to the Council over the course of 2018/19. The largest number of cases addressed related to Education & Children's Services. In comparison, in 2017/18 a total of 189 complaints and enquiries were addressed

3.7.2.2 In his annual letter dated 24th July 2019, the Local Government Ombudsman has stated 'As ever, I would stress that the number of complaints, taken alone, is not necessarily a reliable indicator of an authority's performance'. Alongside this details are published for all authorities on cases, outcomes and compliance. The Council has performed favourably compared to our peers.

3.7.2.3 Not all cases lead to formal investigation, there were 47 cases which were formally investigated in 2018/19. Of these, 21 complaints were upheld, giving an uphold rate of 45%. Of similar authorities, the uphold rate was 66%. In 2017/18 there were 62 cases formally investigated, 41 of these were upheld which gave an upheld rate of 66%

3.7.2.4 In 2018/19, compliance with remedies was 100%, covering 23 cases. The average for similar authorities is 99% with non-compliance being rare. Compliance was late in 2 cases giving 93% rate within timescale.

3.7.2.5 Over the first two quarters of 2019/20, the number of cases addressed by the Ombudsman has reduced from the same period in the previous year.

3.7.3 Members audit update

3.7.3.1 Earlier in the year, Internal Audit began a piece of work looking at the ways in which Members are able to raise queries within the council. Initial work with the Group Support Offices indicated that over 4,500 issues were formally logged as member casework over the course of 2018/19. Queries received within the Group Support Offices

then tend to be dispersed to the relevant service area to investigate and respond accordingly.

3.7.3.2 Members may also escalate queries directly within services, and the areas that generate the highest volume of queries have dedicated mailboxes that are set up to receive Member contact. Utilising the dedicated mailboxes offers some control over the process for handling Member queries, for example contact received through the mailboxes should be logged, acknowledged and responded to within a defined timeframe.

3.7.3.4 However, the work to date has identified opportunities to further join up systems and processes with a view to achieving greater consistency in the handling of queries across the authority. Discussions have taken place across a number of teams and service areas to further understand some of the challenges faced and to look for ways of strengthening the process. Whilst the progress of this piece of work has been held up in recent months, Internal Audit is intending to revisit the area and will report separately to the committee on the outcomes.

3.7.4 Financial Remedies

3.7.4.1 Following the report on Customer Contact and Satisfaction in November 2018, it had been requested:

That future reports to this Committee should incorporate financial settlements arising from Insurance claims;

3.4.7.2 Insurance claims are dealt with separately from complaints. Included are details the settlements made by Corporate Insurance concerning Housing claims in the last 2 years:

2018/19 Financial Year				2019/20 Financial Year to 31 Dec 2019			
Property Damage Claims	Personal Injury Claims	Claims for Both	Total Paid	Property Damage Claims	Personal Injury Claims	Claims for Both	Total Paid
211	110	11	£425,011	159	57	14	£218,446

3.4.7.3 Claims can take some time to be settled and the numbers above relate to claims received in each quarter (irrespective of when the claim occurred) and payments relate to payments made in the quarter (also irrespective of claim occurred date).

3.4.7.4 The committee is asked to note that compensation payments are offered only where officers have assessed that they are fully justifiable and appropriate governance arrangements are in place to monitor and control such payments.

3.4.7.5 Some compensation claims are more suitably addressed under the complaints policy, and the following show where this has been the case:

2018/19	15 cases have led to settlements totalling £1,835.37
2019/20 (to end Dec 19)	9 cases have led to settlements totalling £1,379.61

3.7.5 Future Developments

3.7.5.1 Improvements have been made to the reporting information available around complaints, with further improvements in development. The changes made and further planned changes will remove the need for the majority of manual manipulation of complaint data and will provide information tailored at different levels, from top level (numbers, outcomes and broad trends) to more granular information around trends within key service areas. The intention is to make information readily available in BI dashboards for services to monitor complaint volumes, supporting this with detailed analysis provided around trends by Customer Relations.

3.7.5.2 To support the improved reporting output re-categorisation is underway around Housing complaints, with the intention to review classifications in other high volume areas, to assist in providing clear information concerning specific trends and areas for focus. Alongside this, consideration is being given to how best to present complaints data alongside service workloads to gain a true reflection of where the largest number of complaints are received. This will better support appropriately targeted work and service development.

3.7.5.3 Additionally, work is underway to provide greater learning from complaints and streamline the administration process, including exploration of avenues for quality assurance on complaint responses (both internally and externally) and automation of some aspects of administration to provide greater capacity within Customer Relations to focus on outcomes of complaints.

3.7.5.4 Work is continuing to take place to develop the approach to customer services training. It is anticipated that there will be a clear pathway that articulates need and offer and this will be available later this year.

3.8 Customer care standards.

3.8.1 A review has taken place of the customer services standards and these have been updated and shared widely with directorate leadership teams. At CLT on 12 November 2019 the customer care standards (appendix 2) were agreed. They provide a generic view that is relevant to all services, and have been renamed customer care to establish ownership across the council rather than being associated to Customer Services only.

3.8.2 The intention is that the standards can be used by services to reassure customers, help drive behaviours and to support the work around customer care training. The standards clearly complement our values and will be used in a similar way to support behaviours and performance. The standards will be helpful to challenge current practise, behaviours and approach.

4.0 Corporate considerations

4.1 Consultation and Engagement

This report has not been consulted on as it outlines the progress and developments in relation to different aspects of customer contact and satisfaction. However, it highlights where consultation is taking place or planned to take place with the public.

4.2 Equality and Diversity/Cohesion and Integration

An equality impact assessment has not taken place in relation to this report, but specific work areas described within it have, where appropriate.

4.3 Council Policies and Best Council Plan

The work described above is in line with council policies and the city priorities. The following key performance indicators are in the Best Council Plan 2019 – 2021:

- Level of complaints
- Proportion of customers using self-service when getting in touch with the council.

4.4 Climate Emergency

The council declared a climate emergency in March 2019 with the stated ambition of working to achieve net zero carbon emissions by 2030 for the city. Many of the changes and efficiencies gained when working with customers is through moving to online services, where possible and appropriate, and this negates some of the need for travel and reduces waste.

4.5 Resources and Value for Money

- 4.5.1 All work takes place within the agreed budgets and with a focus on making improvements so that efficiencies can be achieved.

4.6 Legal Implications, Access to Information and Call in

- 4.6.1 There are no legal implications, Access to Information and Call in issues associated with this report.

4.7 Risk Management

- 4.7.1 There are significant risks of an organisational, reputational and service delivery nature, associated with poor customer contact and satisfaction levels. The actions taken to improve council processes and procedures around customer contact and satisfaction help to mitigate the risks.

5.0 Conclusion

- 5.1 The above sections have highlighted a range of information and data showing customer contact, satisfaction levels and complaints, which together provide a holistic picture. As has been demonstrated, significant work has taken place to understand how, and make changes to, improve contact using the most cost effective routes without compromising accessibility, given the prevailing financial climate. Work continues to find new ways of working to improve customer contact further using a customer centric approach. This ensures that changes are more effective and better meet everyone's needs.

- 5.2 In the next 12 months further improvements will be made which will have the customer care standards at their heart. This will inform training and will support a right first time and enabling approach for front line staff
- 5.3 Based on the information provided in this report, it is view of the Chief Officer for Customer Access and Welfare that the Council's processes and procedures around customer contact and satisfaction are deemed adequate and acceptable, given the prevailing financial climate and the demand for services. Improvements will continue to be made in order to deal with the challenges faced and to deliver a more consistent experience for customers who contact the Council.

6.0 Recommendations

Corporate Governance and Audit Committee are asked to:

- note the information provided;
- support the work outlined to develop the approach further;
- recognise the developments outlined which will further enhance customers' experiences; and
- suggest areas where they would like to see further focus.

7.0 Background Documents

None.

Commentaries on Complaints in Key Services Areas

This section provides information on complaints. Whilst the council does get significant numbers of compliments they are not routinely collected and recorded in all directorates. This is an area that is recognised needs to be improved as there is potential learning that can be taken from this. An example of where compliments are routinely collected is in Adults and Health where they evidence that the directorate is meeting the key qualities people expect from health and social care services. Overall customers talk about being treated with dignity, kindness and respect and staff being caring and responsive to their needs in times of crisis.

The section below highlights the services generating the highest level of complaints in each directorate, and trends and learning identified from these complaints.

Resources & Housing

Housing

Complaint issues and trends – Housing

The volume of complaints received in Q1 and Q2 has increased compared to the previous financial year, the increase seen more in Q2. More complaints have been received by Housing Property than Housing Management. This is partially attributable to the different approach in the complaints process applied by Housing Property, including the handling of Member enquiries as formal complaints. Following feedback from Members, customers and staff, this approach has been reviewed and from January 2020 a more flexible approach to complaint and Member enquiry handling will be applied, with a renewed emphasis on resolving issues quickly and quality conversations with customers, without losing the ability to learn from complaints.

Common issues raised in relation to Housing Property complaints have concerned timescales for incomplete works in relation to repairs and customers being unhappy with the level of service received. The current classification of complaints and Member enquiries is being reviewed to enable more detailed analysis of issues raised and enable targeted service improvement activity.

Noting the current process of allocating Member enquiries as formal complaints within Housing Property, the volume of complaints received by Housing Management are around a third of Housing Property. The issues raised have commonly concerned where a customer has felt that they have received a poor level of service and complaints concerning staff conduct are at a similar level.

The rate of escalation to stage 2 of the policy had been around 10% over 2018/19.

Learning points & development – Housing

As referenced above, complaints volumes have increased, particularly around repairs. To support improvement in this area, additional work is needed to understand more clearly the cause of complaints and to develop remedies to prevent future complaints. As Housing management and Property come together as the Housing service, work is happening to

strengthen complaints handling to ensure that it is more customer focused. It is felt that the new approach to complaint handling being applied from January 2020 will allow additional capacity to achieve this.

Work is underway to expand and re-categorise the complaint classifications to provide specific focus on areas for development. Following a working group between Customer Relations and Housing, classifications have been developed and are being tested to ensure suitability and usefulness of the reports these will inform.

Following the updates to complaint classification, work is planned to present complaint reporting alongside records of work completed by Housing. In doing this, the volume of complaints received can be contextualised to ensure that detailed analysis and reflection can be focussed on areas receiving the largest proportion of complaints based on output.

Beyond this, focus is being placed on guidance for and expectations of investigating officers and the manner in which complaints are addressed and remedied. The aim of this is to ensure complaints are responded to quickly, with positive outcomes being provided to reduce the number of complaints escalating. Feedback on this guidance has been sought from tenant panels to ensure a customer centric approach is maintained.

Communities & Environment

Waste Management

Complaint issues and trends – Waste Management

The volume of complaints received by Waste Management in Q1 had reduced substantially from the volume received in the previous year, which had been impacted by adverse weather. The volume of complaints received over Q2 was similar to that received in 2018/19, which overall has seen the volume of complaints decrease over the first half of the year.

The types of issues raised in Waste Management complaints in 2019/20 have commonly concerned missed collections, which account for over half of all complaints. Brown bin collections have been the most common cause of missed collection complaints.

Considering 2018/19 overall, the volume of Waste Management complaints had increased from 2017/18. An unprecedented number of complaints were received in the early part of the year after a winter of extreme weather followed by a warm and wet spring, which had placed additional demands on the service. Following this, complaint volumes had remained steady for the remainder of the year and were comparable to 2017/18.

The rate of escalation to stage 2 of the policy had been around 6% over 2018/19.

Learning points & development - Waste Management

The collection of residual and dry recycling waste (black and green bins) is always prioritised over the collection of garden waste due to the nature of the material being collected having the potential to cause greater nuisance if uncollected. There will be times when the performance of the collection of garden waste, still a free service in Leeds, will

be affected by that prioritisation. However, a service review including of all collection streams is ongoing with the work on garden waste collections now being well advanced and ready for implementation as the service recommences in 2020. Other imminent changes such as the proposed emergency Traffic Regulation Order to improve vehicular access and changes already made to the crew roles will further improve garden waste collection service in 2020.

Customer Services

Complaint issues and trends – Customer Services

There has been an increase in the number of complaints received by the Contact Centre in Q1 and Q2 2018/19. The Contact Centre takes calls for 27 services, with calls to the Council Tax line generating the largest number of complaints.

The common issues in complaints raised across Contact Centre services relates to the length of time that a customer has to wait for their call to be answered, followed by issues relating to isolated errors when processing requests.

Learning points & development – Customer Services

Whilst the number of complaints received by the Contact Centre is low in the context of the volume of calls received (nearly 750,000 calls answered in 2018/19), focus is placed on looking to reduce the potential for complaints where possible.

Where an outcome from a complaint highlights that a process could be reviewed or sharpened, proactive action is taken around this to ensure all staff have the skills and knowledge to assist customers.

City Development

Complaint issues and trends – City Development

The volume of complaints received across City Development have historically been low, and in Q1 and Q2 2019/20, these have reduced from the numbers received over the same period in 2018/19.

The services which have received the greater number of complaints in City Development have been Planning and Highways. In relation to Planning, the issues raised in complaints commonly concern how an application has been considered. Complaints considered by Highways commonly concern road closures or resurfacing, numbers are low however.

Learning points & development – City Development

Whilst the number of complaints received across the directorate are low, focus is maintained on providing learning and development from complaints, which is supported by regular reporting to management where any potential issues can be identified and addressed.

Adults and Health Directorate

Complaint issues and trends – Adults and Health

In the 2018/19 reporting year the main issues people raised related to complaints about quality of services, including perceptions that the services provided were not meeting the needs identified and a lack of communication between the partner organisations involved in the care.

Staff attitude and conduct were also raised. This related particularly when difficult conversations took place about assessment decisions and care fees. Many complaints that mention staff attitude and conduct are part of a bigger complaint that also includes dissatisfaction with decisions to do with the outcome of an assessment.

People were also unclear about what people can expect from social care services and a lack of clarity about how health and social care dovetail with one another and when things go wrong being unclear who to go to.

Other concerns related to inconsistency in home care provided by commissioned independent care providers. Concerns such as carers not reading the care plan prior to delivering care and support resulting in tasks being missed or care being delivered incorrectly.

The other main issue raised by families in relation to homecare was poor communication between the care provider and the service user's family and care workers completing calls too quickly and poor recording on the care log.

Learning Points and Development – Adults and Health

Examples of where learning has taken place and resulted in changes includes:

- Issuing guidance to staff about the minor works scheme, so they were clear about adaptations that could be provided under this;
- Identifying and delivering training and development required to raise standards of the practice around Disabilities Grant Scheme funding decisions;
- Creating an information leaflet about the appeals procedure which occupational therapists now share when they visit to carry out an assessment;
- Introducing a new telephone system to forward missed calls and voicemail messages to officers' e-mail accounts to ensure that calls and messages would be responded to;
- Working with an independent commissioned provider to improve the service via implementing an improvement action plan which included addressing the scheduling software, and issuing guidance to improve effective communication between care workers and family members.

Children's Services

Complaint issues and trends – Children’s Services

The most notable theme from the recent complaints is the continued rise in complaints regarding special educational needs. Due to the rise in the numbers in this cohort, both the service and schools have faced challenges to ensure appropriate provision to meet need is provided. Customers also complain of problems with communication with the service. There are plans to increase resource in this area.

Other themes include a rise in challenge to assessments carried out on their family. Some of these are questioning the accuracy of information used but many are around the decisions that have been made following assessment. This was an area that was decreasing but has seen an increase this year.

An area that generally sees higher numbers is the lack of/manner of social work support. This highlights the difficulties in maintaining a relationship with a family through assessments that are necessarily intrusive and often involve difficult decisions. Social workers are encouraged to approach these situations restoratively offering high support along with challenge.

Learning Points and Development – Children’s Services

Due to the ongoing pressures on the Special Educational Needs (SEN) service, there are plans to increase resources in this area. However, it has been important to note that some of these complaints are around implementation of the Education, Health and Care Plans (EHCPs) in schools. Through increasing partnership working with schools and other agencies, and involving parents in these conversations, lasting resolutions to complaints that may have occurred again in some instances, have been achieved.

The Restorative Early Support (RES) teams are now working with families at an early stage to remove the need for them to be formally involved with social care services. RES teams meet with families and agencies involved with the child and use a process called Rethink to identify family based resolutions to problems. These teams have now been able to become involved to identify and resolve concerns before they become formal complaints.

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Customer Care Standards

When you use our services we will listen to you to make sure you get the service you want/need, if we can.

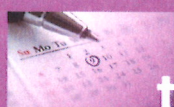
Accessible



You can get in touch digitally, by phone or by coming into our buildings. Let us know how you want us to contact you.



Clear timescales



If we need to get back to you, we will let you know when this will be.

Approachable

We will treat you with dignity and respect, listen to you, and take your concerns seriously.



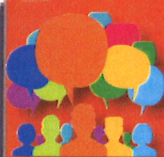
Informed

We will help you to understand what is happening, the best route for you to follow, and if there are any changes to timescales.



Clear communication

We will use plain language and we will check you understand what is happening.



Knowledgeable

We will know and understand our own processes and procedures so that you get the right service and we can help to resolve your queries/concerns.



How do we know we are getting it right?

Everything we do is underpinned by our values:

- Being open, honest and trusted;
- Treating people fairly;
- Spending money wisely;
- Working as a team for Leeds;
- Working with Communities

We will measure timescales, and use customer surveys and feedback to share and learn from your experience of using our services.



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Report author:	Mary Hasnip
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Report of the Chief Finance Officer
Report to Corporate Governance and Audit Committee
Date: 27th January 2020
Subject: Grant Thornton Annual Audit Plan 2019/20 and update on Audit Issues

Are specific electoral wards affected?	☐ Yes ☒ No
If yes, name(s) of ward(s):	
Has consultation been carried out?	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Will the decision be open for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information?	☐ Yes ☒ No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary

Main issues

1. In order to discharge their statutory duties, Grant Thornton issue an annual audit plan which covers the Council's accounts and the process for assessing its arrangements to secure value for money in the use of resources. The attached report from Grant Thornton represents their audit plan for 2019/20, covering their audit approach, the timing of audit work, and the significant audit risks identified to date.
2. This report also provides an update on the process for audit fee variations and the level of audit fees for 2018/19, and reports the successful outcome of the audit of the 2018/19 Housing Benefits Subsidy grant claim.

Best Council Plan Implications and Resource Implications

3. There are no implications for the Best Council Plan and no resource implications arising from this report.

Recommendations

4. Members of the Corporate Governance and Audit Committee are asked to note and agree the nature and scope of the 2019/20 audit plan presented by Grant Thornton.

5. Members are asked to note that following further discussions with Grant Thornton, the Chief Finance Officer has agreed their audit fee variations for 2018/19, and agreed in principle their proposed audit fee for 2019/20, subject to subsequent approval of the variation element within it by PSAA (Public Sector Audit Appointments Ltd).
6. Members are also asked to note the outcome of the audit of the 2018/19 Housing Benefits Subsidy grant claim.

1. Purpose of this report

- 1.1 This report informs members of Grant Thornton's audit plan for the audit of the Council's accounts and its value for money arrangements. The attached report from Grant Thornton highlights the risk based approach to the audit and the main risks they have identified for 2019/20. The report also provides an update on 2018/19 audit fees and on PSAA's process for approving them.
- 1.2 The report also informs members of the outcome of the 2018/19 Housing Benefits Subsidy grant claim audit.

2. Background information

- 2.1 Grant Thornton's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice. As the Council's external auditors, Grant Thornton are required to satisfy themselves that the Council's accounts comply with statutory requirements and that they have been compiled according to proper practices. In addition they are also required to conclude as to whether the Council has arrangements in place for securing economy, efficiency and effectiveness in the use of resources.
- 2.2 Under the Committee's Terms of Reference, its role includes consideration of the Council's arrangements relating to external audit requirements including agreement and review of the nature and scope of the annual audit plan, and the receipt of external audit reports.

3. Main issues

- 3.1 2019/20 Annual Audit Plan
 - 3.1.1 Grant Thornton's audit has two key objectives, to give an opinion on the council's financial statements (including 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. Their audit plan sets out their approach to this work and the planned timing of their reporting to the council during the year.
 - 3.1.2 In relation to their audit of the council's statement of accounts, Grant Thornton have identified two areas where there is a significant risk of material misstatement due to the scale of the assets and liabilities involved – the valuation of property, plant and equipment and the valuation of pension liabilities and assets. Their audit plan also explains that under auditing standards, the potential for management override of controls is a non-rebuttable presumption which auditors are required to take into account in planning their audit work.
 - 3.1.3 In relation to their audit of the council's arrangements for securing value for money, Grant Thornton have identified the key risks as being the council's overall financial

standing given the continuing significant pressures which it faces, and the potential for Brexit to impact on the council.

3.1.4 The Audit Plan proposes an audit fee of £198.9k. This includes fee variations of £20.3k, the reasons for which are explained in Section 10 of the Audit Plan. In addition to the information given in their audit plan, Grant Thornton have written to the Chief Finance Officer to provide more detail of the additional audit work proposed and the reasons for it. A copy of this letter is attached as an appendix following the audit plan.

3.2 2017/18 Audit fee surplus distribution

3.2.1 Under the transitional audit appointment arrangements in place for 2017/18, any surplus generated by PSAA (Public Sector Audit Appointments Ltd) arising from audit fees for that year is distributed to authorities. The council has recently received a surplus distribution for 2017/18 of £21.6k.

3.3 2018/19 Audit Fee issues

3.3.1 Grant Thornton's Annual Audit Letter for 2018/19 which was presented at the November meeting of the Committee advised of a proposed audit fee variation of £9k for the 2018/19 audit. Grant Thornton further advised the Committee verbally at the meeting that this fee increase had been agreed by PSAA. As a result, the Committee requested that officers contact PSAA to seek clarification of the process for charging additional audit fees.

3.3.2 Accordingly, officers have contacted PSAA to ask for clarification on their fee variation process. PSAA have provided assurances that their fee variation process requires that the agreement of the audited body is obtained before they confirm any agreement to an audit fee variation. In this case there had been a misunderstanding over whether the Council had agreed to the requested additional fees.

3.3.2 PSAA further advised that, although their confirmation of the fee variations prior to the Council's agreement being obtained was premature, they could nevertheless confirm that they had carried out a review of the additional work and judged it to be justified. Officers have also met with Grant Thornton, who have provided further information on how their audit work has been affected by additional requirements from the FRC (Financial Reporting Council).

3.3.3 PSAA have written to all S151 officers to explain that their consultation on audit scale fees for 2020/21 will be delayed pending the approval of a new National Audit Office Code of Audit Practice, which will need to be taken into account in the proposed fees. The letter also discusses the current challenges facing local audit and the auditing profession generally. The full text of the letter is included as Appendix A to this report. It acknowledges concerns that under the current local audit regime, auditors are being directed to concentrate on areas which are not seen as priorities by councils, and that various reviews are underway which are likely to have an impact on the future arrangements for audit and financial reporting in local government. However it makes the point that until any such changes are made, audit firms must comply with the requirements of the current framework.

3.3.2 Separately, the council has received an invoice from the West Yorkshire Pension Fund for £1.2k in relation to work done by its auditor Mazars in responding to audit queries from Grant Thornton. Enquiries have been made with WYPF, who have explained that they agreed an overall additional audit fee with Mazars covering their work in responding to all of the employer's auditor queries, and that the £1.2k represents the Council's share of this fee.

3.4 Audit of Housing Benefits Subsidy grant claim 2018/19

- 3.4.1 From 2018/19, the audit of the Housing Benefits Subsidy grant claim is no longer within the remit of councils' appointed auditors, with councils being required to appoint an auditor separately to undertake DWP's requirements in respect of this claim. As previously reported to the committee, the council undertook a tendering exercise and appointed Mazars to carry out the audit.
- 3.4.2 Mazars have completed their audit of the 2018/19 grant claim. The grant claim of £243.3m 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.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Audit Plan does not raise any issues requiring consultation or engagement with the public, ward members or Councillors.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 There are no issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and the Best Council Plan

- 4.3.1 Under the Committee's terms of reference members are required to agree the nature and scope of the external audit plan.

Climate Emergency

- 4.3.2 There are no climate implications arising from this report.

4.4 Resources, procurement and value for money

- 4.4.1 The audit plan outlines the areas which Grant Thornton will review in assessing whether the Council has proper arrangements for securing value for money.

4.5 Legal implications, access to information, and call-in

- 4.5.1 In their audit plan Grant Thornton outline how they propose to discharge their responsibilities as defined by in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.
- 4.5.2 As this is a factual report based on past financial information none of the information enclosed is deemed to be sensitive or requesting decisions going forward, and therefore raises no issues for access to information or call in.

4.6 Risk management

- 4.6.1 The report identifies the key risks which Grant Thornton have identified in their audit planning process so far.

5. Conclusions

- 5.1 Grant Thornton have provided the Council with a plan for discharging their responsibilities in respect of the external audit of the Council's 2019/20 accounts and for assessing the Council's arrangements for securing value for money. They have also identified what they see as the main risks.
- 5.2 PSAA's process for audit fee variations requires audit firms to obtain agreement from the audited body before fee variations can be agreed. It has been confirmed that Grant Thornton's audit fee variation requests for 2018/19 and 2019/20 are in line with the requirements of the FRC.

6. Recommendations

- 6.1 Members of the Corporate Governance and Audit Committee are asked to note and agree the nature and scope of the 2019/20 audit plan presented by Grant Thornton.
- 6.2 Members are asked to note that following further discussions with Grant Thornton, the Chief Finance Officer has agreed their audit fee variations for 2018/19, and agreed in principle their proposed audit fee for 2019/20, subject to subsequent approval of the variation element within it by PSAA (Public Sector Audit Appointments Ltd).
- 6.3 Members are also asked to note the outcome of the audit of the 2018/19 Housing Benefits Subsidy grant claim 2018/19.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix A – Letter emailed to S151 Officers from the Chief Executive of PSAA Ltd,
12th December 2019

Dear Section 151 Officer

Normally at this time PSAA is consulting on the following year's audit scale fees. However, this year is unusual in that the National Audit Office is itself consulting on the new Code of Audit Practice that will apply to all local government and NHS audits from 2020/2021. The NAO's second and final consultation stage has now completed, and we understand that it is expecting to present the new Code for Parliamentary approval in the near future. PSAA commissions audits that are Code compliant, and so we need to see the final version before we are able to consult on the scale fees for 2020/2021. Our current plan is to consult with bodies from 27 January to 6 March 2020.

Please note that the NAO intends to consult on and then update the Auditor Guidance Notes (AGNs) that support the Code following its approval. Those AGNs will provide more detail on the auditor's responsibilities, which will be an important factor in ultimately determining the impact on any individual body. We will need to take this further consultation into account when constructing our fee proposals. We will notify you when our consultation paper is issued and look forward to your contribution.

We also want to take this opportunity to update you on the current challenges facing audit. You will no doubt be aware, either directly or indirectly, of the significant numbers of delayed 2018/19 audit opinions in local bodies. This is a much more prevalent problem than in previous years and, needless to say, we are very sorry that it has arisen. The causes of delay vary from body to body. However, the most frequent explanations appear to be an increasing shortage of audit resources suitable for local government work (including significant recruitment and retention challenges), and/or concerns about the quality of draft accounts and working papers (it is acknowledged by CIPFA that producing IFRS-based, code-compliant accounts is a time-consuming annual task, placing considerable strain on what are now leaner finance teams), and/or challenges resolving technical issues within increasingly complex accounts.

It is also apparent that the well publicised challenges facing the auditing profession following a number of significant financial failures in the private sector have played a part. As you know, these high profile events have led the Government to commission three separate reviews - Sir John Kingman has reviewed audit regulation, the Competition and Markets Authority has reviewed the audit market, and Sir Donald Brydon is currently looking at the audit product.

It is not yet clear what the long term implications of these reviews will be. However, the immediate impact is clear - significantly greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work across all sectors – and this includes local audit. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. As a result, audit firms have updated their work programmes and reinforced their internal processes and will continue to do so to enable them to meet the current expectations.

We are aware that there is a wide-ranging debate about the areas of focus for local government audit work, including concerns that there is too much focus on figures that are not necessarily priorities for audited bodies and electors. CIPFA has recently consulted on the strategy for the Accounting Code, including possible ways that it may evolve in the future. MHCLG has also

commissioned Sir Tony Redmond to review financial reporting and audit in local government. Until such time as changes are made, however, the position is that auditors are required to ensure that they have sufficient assurance to meet the professional requirements in the current framework before they can issue their opinions.

We have spoken to many finance officers and members about their audits, and have just carried out a survey of all opted-in bodies to gather views more formally. One issue that arises regularly is the timing and clarity of auditors' communication. Too frequently bodies do not receive information about additional work which the auditor may need to undertake (as well as related fee implications) until very near to the end of the audit process. We have stressed that bodies need this information at the earliest possible opportunity (accepting that that unforeseen issues arise during the audit process, and that this may be towards the end – the aim is though that they are highlighted as soon as is practicable). This includes that wherever possible auditors should highlight at the planning stage any additional work which is likely to be required during the audit, including potential fee implications. Whilst it may not be possible to quantify the proposed fee until the work is done, early discussion can help to avoid misunderstandings at a later stage. Please note that any proposed variation to the fee remains subject to PSAA approval, and cannot be charged unless we agree to it. There is a description of our process for considering fee variations, and through which we independently review every proposed fee variation, on our website.

The precise impact of professional requirements will vary with the unique circumstances of individual bodies. However, your audit lead will be able to update you on how your audit is evolving including any resource, fee or timetable implications. This local dialogue is a vital part of the audit process, and is there to ensure that at any given stage you are well informed about what is happening and why.

I hope this information is helpful to you. Please do not hesitate to contact PSAA if we can be of assistance in any way.

Yours sincerely
Tony Crawley, Chief Executive

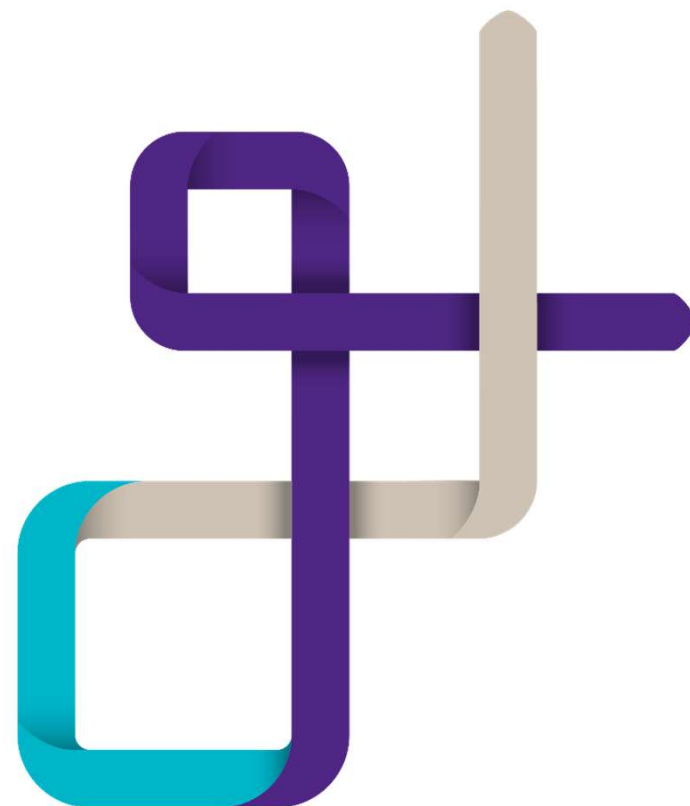
Tony Crawley
Chief Executive
Public Sector Audit Appointments Limited

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External Audit Plan

Year ending 31 March 2020

Leeds City Council
9 January 2020



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Leeds City Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Leeds City Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Corporate Governance and Audit Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Corporate Governance and Audit Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of land and buildings
- Valuation of net pension fund liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report in July 2020.

Materiality

We have determined planning materiality to be £26,852k (PY £26,424k) for the Authority, which equates to 1.3% (PY 1.3%) of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. The 'clearly trivial' reporting threshold has been set at £1,100k (PY £793k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Financial standing – the Authority as other authorities, continues to operate under significant financial pressures. For 2019-20, the Council is planning to deliver a balanced outturn position but to achieve this, needs to deliver savings of some £24.4m whilst managing cost pressures within Children's Services.
- Brexit - the UK is due to leave 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.

Audit logistics

Our interim visit will take place in January and February and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our fee for the audit will be £198,954 (PY: £187,604) for the Authority, subject to the Authority meeting our requirements set out on page 13. The increase in fees reflects the additional work which will be required during 2019/20. Further details are set out on pages 13 and 14.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the Authority's financial statements.

2. Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. Leeds City Council delivered an outturn underspend in 2018-19 of £3.0m and contributed £2.3m to its General Fund Reserves, supporting the Council's strategy to increase its overall available reserves.

For 2019-20, the Council is planning to deliver a balanced outturn position but to achieve this, needs to deliver savings of some £24.4m whilst continuing to manage cost pressures within Children's Services. The Financial Monitoring Report to be presented to Executive Board on 7 January 2020 to Month 7 (October 2019), indicates the majority of savings plans are on track to be delivered although highlights some risks that need to be managed.

At a national level, the government is continuing its negotiation with the EU over Brexit. The Authority will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Financial reporting and audit – raising the bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing as detailed at Appendix A.

Our work in 2018-19 highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be enhanced, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of local government financial transactions which require greater audit scrutiny.

Other issues

Valuation of Property assets

The Council changed its valuation date in 2018/19 for property assets from 1 April, the start of the financial year, to 30 September, part way through the year. During the 2018/19 audit, the Council processed seven adjustments following receipt of additional valuation information to the carrying value of fixed assets in the draft financial statements totalling £22.2m.

Disposal of surplus land and buildings

The Council is in the process of disposing of various surplus land and buildings amounting to some £95m across the city over the next three years as part of its Medium Term Financial Strategy (MTFS).

Preparing for IFRS 16 Implementation

The Authority will need to undertake initial preparatory work on its leases to prepare for the full introduction of IFRS 16 for 2020-21.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.
- We will continue to meet with senior managers and consider the Authority's financial position and delivery of the £24.4m savings programme.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fees, as set out in this Audit Plan, has been agreed with the Chief Officer Financial Services and is subject to PSAA agreement.

- We have identified Land and Buildings valuation as a significant risk for our audit. As part of our work, we will consider the arrangements management has used to ensure the valuation at 30 September 2019, remains materially appropriate at 31 March 2020.
- Our work will also consider the Council's disposals of land and buildings during the year and consider whether assets have been valued appropriately once identified as surplus, and whether they have been accounted for correctly on disposal.
- We will assess the adequacy of your disclosure about the financial impact of implementing IFRS 16 – Leases from 1 April 2020.

4. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at Leeds City Council, mean that all forms of fraud are seen as unacceptable.	As we do not consider this to be a significant risk for the Authority, we will not be undertaking any specific work in this area other than our normal audit procedures, including validating total revenues to council tax, non domestic rates and central government grants income.
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied and made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	The Authority revalues its land and buildings on an annual and rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£5.3 billion) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • in a new development for 2019-20, engage our own valuer to assess the instructions to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation • test revaluations made during the year to see if they had been input correctly into the Authority's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1.5 billion in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	We will: • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of the West Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA260) Report in July 2020.

5. Other risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
International Financial Reporting Standard (IFRS) 16 Leases – (issued but not adopted)	The public sector will implement this standard from 1 April 2020. It will replace IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as a right of use asset and a liability to make the lease payments. In accordance with IAS 8 and paragraph 3.3.4.3 of the Code disclosures of the expected impact of IFRS 16 should be included in the Authority's 2019/20 financial statements. The Code is expected to adapt IFRS 16 which is likely to require that the subsequent measurement of the right of use asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code as per any other item of property plant and equipment.	We will: • Evaluate the processes the Authority has adopted to assess the impact of IFRS16 on its 2020/21 financial statements and whether the estimated impact on assets, liabilities and reserves has been disclosed in the 2019/20 financial statements. • Assess the completeness of the disclosures made by the Authority in its 2019/20 financial statements with reference to The Code and CIPFA/LASAAC ‘Local Authority Leasing Briefings’.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2020.

6. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions
- We consider our other duties under the Local Audit and Accountability Act 2014 (the Act) and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2019/20 financial statements, consider and decide upon any objections received in relation to the 2019/20 financial statements
 - Issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and material uncertainties, and evaluate the disclosures in the financial statements.

7. Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £26,852k (PY £26,424k) for the Authority, which equates to 1.3% (PY 1.3%) of your prior year gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £15,000 for Senior Officer remuneration.

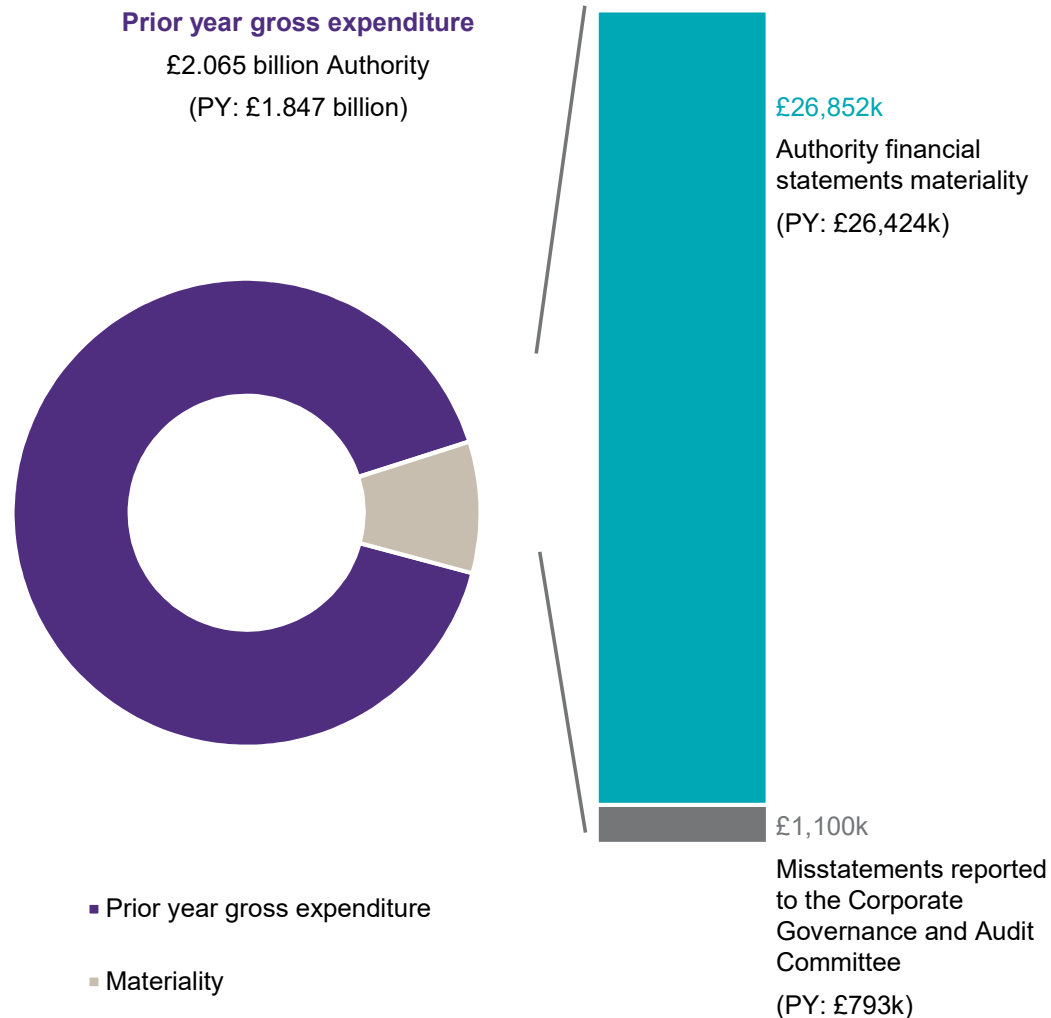
We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. Should we revise our materiality during the final audit visit, we will report this to the Corporate Governance and Audit Committee in July.

Matters we will report to the Corporate Governance and Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Corporate Governance and Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1,100k (PY £793k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Corporate Governance and Audit Committee to assist it in fulfilling its governance responsibilities.



8. Value for Money arrangements

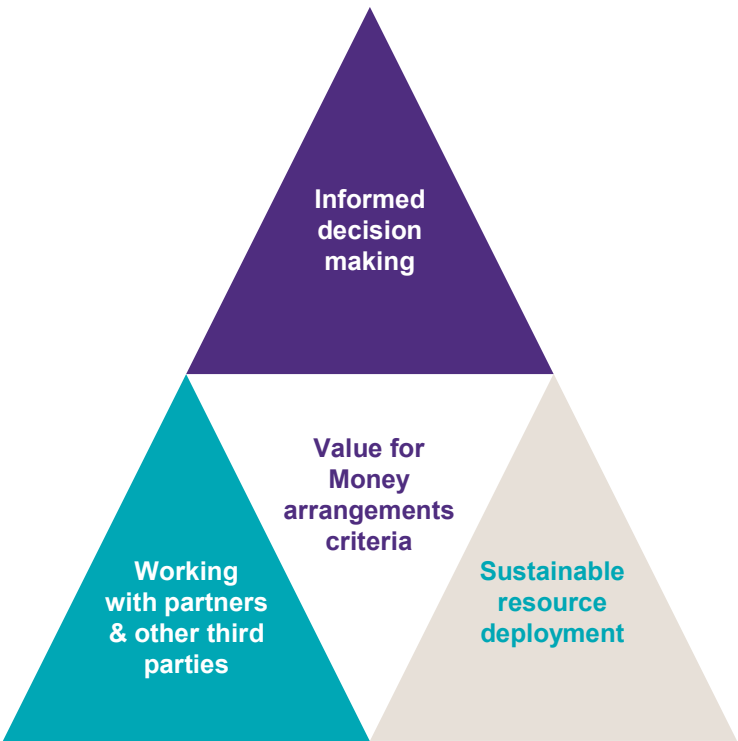
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



Financial standing

Leeds City Council delivered an outturn underspend in 2018-19 of £3.0m and contributed £2.3m to its General Fund Reserves, supporting the Council's strategy to increase its overall available reserves.

For 2019-20, the Council is planning to deliver a balanced outturn position but to achieve this, needs to deliver savings of some £24.4m whilst continuing to manage cost pressures within Children's Services. The Financial Monitoring Report to be presented to Executive Board on 7 January 2020 to Month 7 (October 2019), indicates the majority of savings plans are on track to be delivered although highlights some risks that need to be managed, including the impact of delayed capital receipts.

We will continue to monitor the Authority's financial position through regular meetings with senior management and consider how the Authority manages overspends within Children's Services and the impact of delayed capital receipts. We will continue to assess progress in the identification and delivery of the £24.4m savings required and plans in place to identify cost improvements into 2020/21 and beyond.

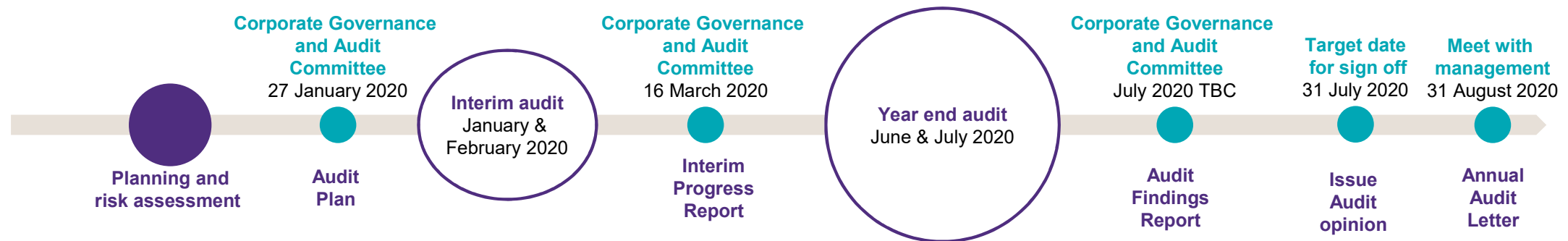


Brexit

The UK is now due to leave 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.

We are aware of the Authority's planning for Brexit from our consideration of the Authority's arrangements as part of our prior year VFM related work. For the current year, we will consider the Authority's on-going arrangements and plans to mitigate any risks on Brexit.

9. Audit logistics & team



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Client responsibilities

Where clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

10. Audit fees

Planned audit fees 2019-20

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC has recently assumed responsibility for the inspection of local government audit, the regulator requires that all audits achieve a 2A (few improvements needed) rating.

Our work across the sector in 2018-19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved. We have also identified an increase in the complexity of local government financial transactions. Combined with the FRC requirement that 100% of audits achieve a 2A rating this means that additional audit work is required. We have set out below the expected impact on our audit fee. The table overleaf provides more details about the areas where we will be undertaking further testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee for 2019-20 at the planning stage, as set out below and with further analysis overleaf, has been agreed with the Chief Officer Financial Services and is subject to PSAA agreement.

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	Actual Fee 2017-18 (KPMG)	Actual Fee 2018-19 (Grant Thornton)	Proposed Fee 2019-20 (Grant Thornton)
Council Audit scale fee set by PSAA	£231,953	£178,604	£178,604
Audit fee variations – additional work required	-	£9,000	£20,350
Total audit fees (excluding VAT)	£231,953	£187,604	£198,954

Assumptions:

In setting the above fees, we have assumed that the Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards:

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with staff of appropriate skills, time and abilities to deliver an audit to the required professional standard.

Audit fee variations – Further analysis

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019-20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees. In agreement with PSAA (where applicable) we will be seeking approval to secure these additional fees for the remainder of the contract via a formal rebasing of your scale fee to reflect the increased level of audit work required to enable us to discharge our responsibilities. Should any further issues arise during the course of the audit that necessitate further audit work additional fees will be incurred, subject to PSAA approval.

Audit area	2019-20 £	Rationale for fee variation
PSAA Scale fee	178,604	
Increased challenge and depth of work	5,000	To meet the higher threshold set by the FRC, we will be required to undertake additional work and challenge in the following areas, including: • use of specialists • information provided by the entity (IPE) • journals • management review of controls • accounting estimates • financial resilience and going concern • related parties and similar areas
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	3,500	A significant audit risk area, we have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE Valuation – work of experts	9,350	A significant audit risk area, we have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting. In addition from 2019-20, we have engaged our own audit expert to support our work on valuation of your land and buildings (Wilks Head Eve) and increased the scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations. The increase includes a fee payable to the auditor's expert. We expect the cost of the auditor's expert will be £6,000 subject to no significant issues arising from their review.
New standards and developments	2,500	This includes preparations for IFRS16, new lease arrangements such as the Headingley Stadium and planned capital disposals.
Revised scale fee (to be approved by PSAA)	198,954	

11. Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified.

Service	Date commenced	£	Threats	Safeguards
Audit related:				
None				
Non-audit related:				
CFO Insights	February 2018 (ends 31 Jan 2020 unless renewed)	12,500	Self-interest (because this is a recurring fee)	This is an online software service that enable users to rapidly analyse data sets. CFO Insights is a Grant Thornton & CIPFA collaboration giving instant access to financial performance, service outcomes and socio-economic indicators for local authorities. It is the responsibility of management to interpret the information. The scope of our service does not include making decisions on behalf of management or recommending or suggesting a particular course of action. These factors mitigate the perceived self-interest threat. The fee for the work is negligible in comparison to the total fee for the audit.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

The firm is committed to improving our audit quality – please see our transparency report - <https://www.grantthornton.ie/about/transparency-report/>

Appendices

A. Audit Quality – national context

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Appendix A: Audit Quality – national context

What has the FRC said about Audit Quality?

The Financial Reporting Council (FRC) publishes an annual Quality Inspection of our firm, alongside our competitors. The Annual Quality Review (AQR) monitors the quality of UK Public Interest Entity audits to promote continuous improvement in audit quality.

All of the major audit firms are subject to an annual review process in which the FRC inspects a small sample of audits performed from each of the firms to see if they fully conform to required standards.

The most recent report, published in July 2019, shows that the results of commercial audits taken across all the firms have worsened this year. The FRC has identified the need for auditors to:

- improve the extent and rigour of challenge of management in areas of judgement
- improve the consistency of audit teams' application of professional scepticism
- strengthen the effectiveness of the audit of revenue
- improve the audit of going concern
- improve the audit of the completeness and evaluation of prior year adjustments.

The FRC has also set all firms the target of achieving a grading of '2a' (limited improvements required) or better on all audits.

Other sector wide reviews

Alongside the FRC, other key stakeholders including the Department for Business, Energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. A number of key reviews into the profession have been undertaken or are in progress. These include the review by Sir John Kingman of the Financial Reporting Council (Dec 2018), the review by the Competition and Markets Authority of competition within the audit market, the ongoing review by Sir Donald Brydon of external audit, and specifically for public services, the Review by Sir Tony Redmond of local authority financial reporting and external audit. As a firm, we are contributing to all these reviews and keen to be at the forefront of developments and improvements in public audit.

What are we doing to address FRC findings?

In response to the FRC's findings, the firm is responding vigorously and with purpose. As part of our Audit Investment Programme (AIP), we are establishing a new Quality Board, commissioning an independent review of our audit function, and strengthening our senior leadership at the highest levels of the firm, for example through the appointment of Fiona Baldwin as Head of Audit. We are confident these investments will make a real difference.

We have also undertaken a root cause analysis and put in place processes to address the issues raised by the FRC. We have already implemented new training material that will reinforce the need for our engagement teams to challenge management and demonstrate how they have applied professional scepticism as part of the audit. Further guidance on auditing areas such as revenue has also been disseminated to all audit teams and we will continue to evolve our training and review processes on an ongoing basis.

What will be different in this audit?

We will continue working collaboratively with you to deliver the audit to the agreed timetable whilst improving our audit quality. In achieving this you may see, for example, an increased expectation for management to develop properly articulated papers for any new accounting standard, or unusual or complex transactions. In addition, you should expect engagement teams to exercise even greater challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. As a result you may find the audit process even more challenging than previous audits. These changes will give the Corporate Governance and Audit Committee – which has overall responsibility for governance - and senior management greater confidence that we have delivered a high quality audit and that the financial statements are not materially misstated. Even greater challenge of management will also enable us to provide greater insights into the quality of your finance function and internal control environment and provide those charged with governance confidence that a material misstatement due to fraud will have been detected.

We will still plan for a smooth audit and ensure this is completed to the timetable agreed. However, there may be instances where we may require additional time for both the audit work to be completed to the standard required and to ensure management have appropriate time to consider any matters raised. This may require us to agree with you a delay in signing the announcement and financial statements. To minimise this risk, we will keep you informed of progress and risks to the timetable as the audit progresses.

We are absolutely committed to delivering audit of the highest quality and we should be happy to provide further detail about our improvement plans should you require it.





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9 January 2020

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Dear Victoria

Leeds City Council - Audit scope and additional work 2019/20

In recent conversations, including at the Council's Corporate Governance and Audit Committee, we have discussed the increased regulatory focus facing all audit suppliers and the impact this will have on the scope of our work for 2019/20 and beyond. You will have also recently received a letter via email from Tony Crawley of PSAA explaining the changing regulatory landscape. In his letter, Mr Crawley highlights: *"significantly greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work across all sectors – and this includes local audit. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. As a result, audit firms have updated their work programmes and reinforced their internal processes and will continue to do so to enable them to meet the current expectations."*

I promised I would set out in more detail the likely impact of this on our audit, and I am pleased to do so in this letter. Should further matters arise during the course of the audit they could also have fee and timetable implications that we would need to address at that point.

Across all suppliers, and sectors (public and private), the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, as well as to undertake additional and more robust testing. There is a general 'raising of the quality bar' following a number of recent, high-profile company failures that have also been attributed to audit performance. Alongside the FRC, other key stakeholders including the Department for Business, Energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. The FRC has been clear to us that it expects audit quality in local audit to meet the same standards as in the corporate world and the current level of financial risk within local audit bodies supports this position.

As a firm, we are absolutely committed to meeting the expectations of the FRC and other key stakeholders with regard to audit quality and public sector financial reporting. To ensure the increased regulatory focus and expectations are fully met, we anticipate that, as first seen in 2018/19, we will need to commit more time in discharging our statutory responsibilities, which will necessitate an increase in costs. I set out below the implications of this for your Council's audit.

Increased challenge and depth of work – raising the quality bar

The FRC has raised the threshold of what it assesses as a good quality audit. The FRC currently uses a four-point scale to describe the quality of the files it reviews, as follows:

Score	Description
1 or 2a	Acceptable with Limited Improvements Required
2b	Improvements required
3	Significant Improvements Required

Historically, the FRC's definition for 2b was 'acceptable but with improvements required' and, as such, both the Audit Commission and PSAA considered a '2b' to represent an acceptance level of audit quality for contract delivery purposes. The FRC has now set a 100% target for all audits (including local audits) to achieve a '2a'. Its threshold for achieving a '2a' is challenging and failure to achieve this level is reputationally damaging for individual engagement leads and their firm. Non-achievement of the standard can result in enforcement action, including fines and disqualification, by the FRC. Inevitably, we need to increase the managerial oversight to manage this risk. In addition, you should expect the audit team to exercise even greater challenge of management in areas that are complex, significant or highly judgmental. We will be required to undertake additional work in the following areas, amongst others:

- use of specialists
- information provided by the entity (IPE)
- journals
- management review of controls
- accounting estimates
- financial resilience and going concern
- related parties and similar areas.

As part of our planning, we have also reflected on the level of materiality which is appropriate for your audit. As outlined above, the profile of local audit has increased considerably over the past year. The reviews led by Sir John Kingman, Sir Donald Brydon and Sir Tony Redmond are focusing attention on the work of auditors everywhere. Parliament, through the work of its Scrutiny Committees, has made clear its expectations that auditors will increase the quality of their work. Reflecting this higher profile, and the expectations of stakeholders, we are increasing the volume and scope of our testing and reporting to those charged with governance, as well as providing you with additional assurance in respect of the audit.

As a result, you may find the audit process for 2019/20 and beyond even more challenging than previous audits. This mirrors the changes we are seeing in the commercial sectors.

Property, plant and equipment (PPE or 'Fixed Assets')

The FRC has highlighted that auditors need to improve the quality of audit challenge on Property, Plant and Equipment (PPE) valuations across the sector. We will therefore increase the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations. We have also determined that, for major local audits including Leeds City Council, we will now be engaging our own external valuer to provide appropriate assurance to the standards expected by the FRC for an authority of your size.

Pensions (IAS 19)

The FRC has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Specifically, for the following areas, we will increase the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting. Our planned additional procedures include:

- verification of the accuracy and completeness of the data provided to the actuary by both the admitted body and the administering authority

- checking the value of the Pension Fund Assets at 31 March per the Council's financial statements against the share of assets in the Pension Fund statements
- review and assess whether the significant assumptions applied by the actuary are reasonable and are followed up on areas identified by either our review or PwC as outliers.
- ensuring that the instructions from the audit team to the Pension Fund auditor include appropriate enquiries as well as testing in respect of material level 3 pension assets (please note that this is outside the scope of PSAA's fee variation process).

Complex accounting issues and new accounting standards

You are required to respond effectively to new accounting standards and we must ensure our audit work in these new areas is robust. This year we will both be responding to the introduction of IFRS16. IFRS16 requires a leased asset, previously accounted for as an operating lease off balance sheet, to be recognised as a 'right of use' asset with a corresponding liability on the balance sheet from 1 April 2020. There is a requirement, under IAS8, to disclose the expected impact of this change in accounting treatment in the 2019/20 financial statements.

We know the Council has appreciated our responsiveness to accounting issues and new standards in the past and we would wish to continue to be able to do this in the future.

Local issues

The Council is in the process of disposing of various surplus land and buildings amounting to some £95m across the city over the next three years as part of its Medium Term Financial Strategy (MTFS). As part of our 2019/20 work, we will consider the Council's disposals of land and buildings during the year and consider whether assets have been valued appropriately once identified as surplus, and whether they have been accounted for correctly on disposal and at the year end.

Impact on the audit and associated costs

You will note we did not raise additional fees across the sector as a whole in 2018/19 in respect of the additional work required in response to the implementation of IFRS9 and IFRS15. This was a goodwill decision we took in support of the strong relationship we have with the sector. However, the volume of additional work now being required, as set out above, means we are no longer able to sustain that position. This is an issue not just across public services but also in the private sector where fees are being increased by all of the major suppliers by more than 20%.

We benefit from effective and constructive working relationships which we have established during our engagement with you to date. This allows us to absorb some of the impact of these changes. Using our strong working knowledge of you and efficiencies that we are continuously seeking to implement as part of our focus on continued collaborative working with you, we have sought to contain the impact as much as possible to below the market average.

We have assessed the impact of the above as follows for 2019/20, with the comparative position for the two previous years shown. Please note these are subject to approval by PSAA in line with PSAA's normal process. Should other risks arise during the course of the audit which we have not envisaged, we may need to make a further adjustment to the fee.

Area	Cost £		
	2019/20	2018/19	2017/18
PSAA Scale fee	178,604	178,604	231,953
Increased challenge and depth of work	5,000	-	-
PPE	3,350	3,000	-
Pensions			
- additional work IAS19	3,500	3,000	-
- McCloud ruling	-	3,000	-
New standards/ developments	2,500	-	-

PPE Valuation – cost of auditor's expert	6,000	-	-
Total revised fee	198,954	187,604	231,953

This would give a scale fee for the statutory accounts audit for 2019/20 of £178,604 plus a variation of £20,350, giving a total fee of £198,954 plus VAT. This includes the cost of the external valuer which we have determined to be necessary to support our audit work in this area.

Please note that PSAA's arrangements require a separation of fees and remuneration, which means that Grant Thornton does not receive 100% of the current fees charged.

The additional work we are now planning across the whole of our portfolio will inevitably have an impact on the audit timetable and whether or not your audit can be delivered to appropriate quality standards by the 31 July 2020. Grant Thornton remains the largest trainer of CIPFA qualified accountants in the UK and is committed to continue to resource its local audits with suitably specialised and experienced staff but the pool of such staff is relatively finite in the short-term. I will be happy to explain the impact of the further work we are planning to undertake on our delivery timetable for your audit, which at this stage is planned to be delivered by the end of July 2020.

Future changes to audit scope

As I have previously mentioned in meetings and at the Corporate Governance and Audit Committee, the National Audit Office is currently consulting on revisions to the Code of Audit Practice and has also indicated its intention to consult on the accompanying Auditor Guidance Notes. This defines the scope of audit work in the public sector. The most significant change is in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- a) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- b) Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- c) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

Under each of these criteria, statutory guidance will set out the procedures that auditors will need to undertake. An initial review of arrangements will consist of mandatory procedures to be undertaken at every local public body plus any local risk-based work. The consultation closed on 22 November 2019. A new Code will be laid before Parliament in April 2020 and will apply from audits of local bodies' 2020/21 financial statements onwards.

Until the consultation is finalised and more details emerge of what is expected of auditors, it is difficult to cost the impact. However, as soon as the requirements are finalised and it is clear exactly what the expectations will be, I will share with you further thoughts on the potential impact on the audit and associated costs.

I hope this is helpful and allows you to plan accordingly for the 2019/20 audit. Should you wish to discuss this further, please do not hesitate to contact me. We look forward to working with you again this year,

Yours sincerely

Gareth Mills
Engagement Lead

For and on behalf of Grant Thornton UK LLP

Report of the Chief Officer (Financial Services)

Report to Corporate Governance and Audit Committee

Date: 27 January 2020

Subject: Internal Audit Update Report November to December 2019

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes ☒ No
Has consultation been carried out?	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Will the decision be open for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes ☒ No

Summary

1. Main issues

- The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements. Reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
- This report provides a summary of the Internal Audit activity for the period from November to December 2019 and highlights the incidence of any significant control failings or weaknesses.

2. Best Council Plan Implications

- The work of Internal Audit contributes to Leeds City Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on accomplishing the Best Council Plan objectives.

3. Resource Implications

- A risk-based approach has been used to devise an Internal Audit plan that promotes the effective and efficient use of resources across the organisation.

Recommendations

- a) The Corporate Governance and Audit Committee is asked to receive the Internal Audit Update Report covering the period from November to December 2019 and note the work undertaken by Internal Audit during the period covered by the report.
- b) The Committee is also asked to note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period.

1. Purpose of this report

- 1.1 The purpose of this report is to provide a summary of the Internal Audit activity for the period November to December 2019 and highlight the incidence of any significant control failings or weaknesses.

2. Background information

- 2.1 The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements, including matters such as internal control and risk management. The reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
- 2.2 The reports issued by Internal Audit are directed by the Internal Audit Annual Plan. This has been developed in line with the Public Sector Internal Audit Standards (PSIAS) and has been reviewed and approved by the Committee.
- 2.3 The Corporate Governance and Audit Committee considers the Council's arrangements relating to internal audit requirements, including monitoring the performance of Internal Audit.
- 2.4 This update report provides a summary of the Internal Audit activity for the period from November to December 2019.

3. Main issues

3.1 Audit Reports Issued

- 3.1.1 The title of the audit reports issued during the reporting period and level of assurance provided for each review is detailed in table 1. Depending on the type of audit review undertaken, an assurance opinion may be assigned for the control environment, compliance and organisational impact. The control environment opinion is the result of an assessment of the controls in place to mitigate the risk of the objectives of the system under review not being achieved. A compliance opinion provides assurance on the extent to which the controls are being complied with. Assurance opinion levels for the control environment and compliance are categorised as follows: substantial (highest level); good; acceptable; limited and no assurance.
- 3.1.2 Organisational impact is reported as either: major, moderate or minor. Any reports issued with a major organisational impact will be reported to the Corporate Leadership Team along with the relevant directorate's agreed action plan.

Table 1: Summary of Reports Issued November to December 2019

Report Title	Audit Opinion		
	Control Environment Assurance	Compliance Assurance	Organisational Impact
Key Financial Systems			
Business Rates	Substantial	Good	Minor
Bank Reconciliation and Cash Book	Substantial	N/A	Minor
Resources and Housing			
Belle Isle TMO Assurance Framework – Rent Arrears	Good	Acceptable	Minor
Universal Credit	Good	Acceptable	Minor
Housing Disrepair Follow-up	Good	Good	Minor
Gas Servicing	Good	Good	Minor
Financial Due Diligence	Acceptable	N/A	Moderate
Adults and Health			
Third Sector / Not for Profit Organisations	Substantial	Good	Minor
Strength Based Approach to Adult Social Care	Good	N/A	Minor
Children and Families			
Children Looked After Services	Good	Good	Minor
City Development			
Income Review - Room Hire Follow Up	Acceptable	Acceptable	Minor
Procurement and Contracts			
Highways Maintenance Road Markings Contract Review	Acceptable	N/A	Minor
Schools			
School Voluntary Funds x 5	Certification of Balances		
School Audit	Good	Acceptable	N/A

3.1.3 In addition to the reports detailed in table 1 above, the following assurance has been finalised during the reporting period:

- Disabled Facilities Grant Claim

3.2 Summary of Audit Activity and Key Issues

3.2.1 During the reporting period, there have been no limitations in scope and nothing has arisen to compromise our independence. We have finalised 19 audit reviews (excluding data analytics, work for external clients and fraud and irregularity work) and we have not identified any issues that would necessitate direct intervention by the Corporate Governance and Audit Committee.

3.2.2 Each of the audits that have been completed in respect of the Council's key financial systems have received Substantial or Good assurance opinions. This provides the Committee with assurance that these systems are well established and operating as intended.

Limited or No Assurance Opinions

3.2.3 Of the audit reviews finalised during the period, no weaknesses have been identified that would result in a 'major' organisational impact and no audits have resulted in a limited or no assurance opinion overall. However the audit of a High School resulted in a limited assurance opinion for one of the objectives reviewed. This was due to weaknesses in the recording and reconciliation of School Voluntary Fund transactions. All audit recommendations were agreed with the school and a follow up review will be undertaken later in the year to review the progress made in implementing the necessary improvements.

Follow Up Reviews

3.2.4 Our protocols specify that we undertake a follow up review where we have previously reported 'limited' or 'no' assurance for the audited area. Our audit reports include an assurance opinion for each objective reviewed within the audited area. Follow up audits are undertaken for those areas where a specific objective within the review resulted in limited or no assurance in addition to those where the limited or no assurance opinion was provided for the review overall.

3.2.5 We have finalised two follow up reviews during the reporting period:

Housing Disrepair

3.2.6 We have previously reported that limited assurance has been provided around proactive activity to prevent potential disrepair issues becoming claims. A disrepair claim is a civil claim arising from the condition of residential premises brought by a tenant against their landlord. Typically these arise when a tenant has made their landlord (in this case LCC) aware of repairs that need to be undertaken. If the repairs have not satisfactorily resolved the issue, the tenant may be able to claim against the landlord, if they can prove that the continued disrepair has had a serious impact on their quality of life and / or health. Our previous audit report highlighted opportunities to further develop the work being undertaken to identify and address potential areas of disrepair ahead of a claim being received.

3.2.7 We have now undertaken a follow up review and it is considered that this is an area in which significant progress has been made. A number of measures have now

been implemented resulting in the establishment of stronger governance arrangements and joined up working across departments. Despite the improvements that have been made, managing the volume of claims remains a challenge to the authority. Our associated recommendations have been agreed with the relevant service areas and management attention remains focussed on exploring the most effective means of reducing the need for claims.

Income Review – Room Hire

- 3.2.8 A previous review of income collected from room hire bookings provided limited assurance for the controls in place to ensure that all income due is identified and that corresponding invoices are promptly and accurately raised. A follow up audit has now been completed and we are able to provide acceptable assurance having confirmed that all invoices were accurately raised for the sample of bookings tested. Timeliness of invoicing remains an issue, and further progress is also required in the collection of deposits at the booking stage. Management have agreed actions that will be taken to further embed the processes required to ensure improvement in these areas, including system developments and management checks.

Other Internal Audit Work

FMS Risk Assessment

- 3.2.9 At the meeting in June 2019, a recommendation was made by the council's external auditor around the introduction of a secondary authorisation process for journal entries posted within the financial system. Members were informed that a risk assessment of the financial system was in the process of being refreshed by Financial Management. It was agreed that this would be reviewed by Internal Audit upon completion, with a focus on the assessment of risk and control in respect of journal entries. The risk assessment has now been completed by Financial Management and, whilst the risk of material error arising from an incorrect journal entry has been acknowledged, the assessment concludes that there are satisfactory compensating controls already in place to mitigate this risk without the need to introduce a secondary check.
- 3.2.10 The compensating controls include the review and restriction of the permissions provided to input journals, along with established budget monitoring processes. Oversight is provided through the Financial Integrity Forum which meets on a monthly basis to ensure that issues relating to the integrity of the accounts can be promptly acted upon. We are satisfied that a sound methodology has been used in undertaking the risk assessment, and we have carried out work to confirm the presence of the compensating controls that are in place. Given that the risk of deliberate misrepresentation of financial results is lower within public sector organisations, and the controls that are already in place to restrict, identify and address the risk of error, we are comfortable in supporting the conclusion of the risk assessment.

Counter Fraud and Corruption

- 3.2.11 The counter fraud and corruption assurance block within the Internal Audit Plan includes both the reactive and proactive approaches to the Council's zero tolerance to fraud and corruption.

Proactive Anti-Fraud Work

- 3.2.12 As previously reported we take part in the National Fraud Initiative (NFI). The NFI is an exercise conducted by the Cabinet Office every two years that matches

electronic data within and between public and private sector bodies to prevent and detect fraud.

- 3.2.13 Relevant teams within the Council (for example, Internal Audit, Benefits, Blue Badge and Adult Social Care) are currently working through the matches on a risk basis. This work has been ongoing since January 2019 and, to date, £189,380 has been identified and is in the process of being recovered. This relates to 73 cases of benefit overpayments.
- 3.2.14 To help ensure that there is an effective counter fraud culture in place within Leeds City Council, we have included time in the counter fraud block to undertake proactive fraud reviews. These reviews consider areas identified through various methods, including the use of best practice publications and our internal risk assessments.
- 3.2.15 During the period we have completed a review of Employee Gifts and Hospitality. The review confirmed that there is an agreed policy and procedure in place which clearly defines the responsibilities of individual officers when they receive an offer of gifts or hospitality, along with the process for obtaining approval. There are also arrangements in place to ensure that records of gifts or hospitality are subject to monitoring and reporting. Recommendations have been agreed that will strengthen the process by ensuring that all declarations of gifts and hospitality from Directors must be subject to third party approval. The implementation of the recommendations will enhance the policy and guidance framework in accordance with recognised best practice, ensuring that a proactive approach is taken towards managing potential conflicts of interest through the requirement for a 'nil declaration' from employees who are identified as holding a 'high risk post.' This will provide further assurance that the council is doing all it can to prevent the acceptance of inappropriate gifts or hospitality.

Reactive Anti-Fraud Work

- 3.2.16 During the reporting period we have received 9 potential irregularity referrals. Of these, 8 were classified under the remit of the Whistleblowing or Raising Concerns policies. All reported irregularities were risk assessed by Internal Audit and are either being investigated by ourselves, the relevant directorate or HR colleagues, as appropriate.
- 3.2.17 During the reporting period 8 referrals have been closed. There are 14 referrals that are currently open and being investigated.

Internal Audit Performance

- 3.2.18 We actively monitor our performance in a number of areas and encourage feedback. A customer satisfaction questionnaire (CSQ) is issued with every audit report. The questionnaires ask for the auditee's opinion on a range of issues and asks for an assessment ranging from 5 (for excellent) to 1 (for poor). The results are presented as an average of the scores received for each question.
- 3.2.19 The results of the questionnaires are reported to the Audit Leadership Team and used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff.
- 3.2.20 For the period from 1 April 2019 to 31 December 2019, 34 Customer Satisfaction Questionnaires were received (25 were received during the same period last year). A summary of the scores is presented in table 2.

Table 2: Results from Customer Satisfaction Questionnaires for the period 1 November 2019 to 31 December 2019

Question	Average Score (out of 5)
Sufficient notice was given	4.68
Level of consultation on scope	4.76
Auditor's understanding of systems	4.53
Audit was undertaken efficiently	4.79
Level of consultation during the audit	4.76
Audit carried out professionally and objectively	4.94
Accuracy of draft report	4.79
Opportunity to comment on audit findings	4.97
Clarity and conciseness of final report	4.88
Prompt issue of final report	4.62
Audit recommendations will improve control	4.68
The audit was constructive and added value	4.76
Overall Average Score	4.76

- 3.2.21 We continue to manage our available resources to ensure that an evidence based Head of Internal Audit opinion can be provided on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in accordance with the Public Sector Internal Audit Standards (PSIAS). The appointment of a permanent Head of Internal Audit has now been agreed and will start from 25th February 2020. This will restore overall resources to the level originally forecast.
- 3.2.22 A summarised version of the 2019/20 Audit Plan is appended to provide members with an overview of the objective of each review and the current status. This also includes audits that have been carried forward into the current year from the 2018/19 Audit Plan.
- Audit Plan for 2020/21
- 3.2.23 Initial work has started on developing the Annual Audit Plan for 2020/21. The Head of Audit must provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. To support this, we must develop and deliver a risk based plan which takes into account the organisation's risk management framework and includes an appropriate and comprehensive range of work.
- 3.2.24 To develop this plan, there must be a sound understanding of the risks facing the council. The Corporate Risk Register will be used as a key source of information and the planning process for 2020/21 will again necessitate a thorough evaluation of the appropriate level and scope of coverage required to give stakeholders, including the Corporate Governance and Audit Committee, an appropriate level of assurance on the control environment of the council.

3.2.25 The detailed proposals for the Audit Plan for 2020/21 will be presented to the meeting of the Corporate Governance and Audit Committee in March 2020.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 This report did not highlight any consultation and engagement considerations.

4.2 Equality and diversity / cohesion and integration

4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and the Best Council Plan

4.3.1 The terms of reference of the Corporate Governance and Audit Committee require the Committee to review the adequacy of the Council's corporate governance arrangements. This report forms part of the suite of assurances that provides this evidence to the Committee.

4.3.2 The Internal Audit Plan has links to risks that may affect the achievement of Best Council Plan objectives and the aims of council policies.

Climate Emergency

4.3.3 Internal Audit will consider the Climate Emergency in the development of Annual Internal Audit Plans and in the scope of all relevant audits.

4.4 Resources, procurement and value for money

4.4.1 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.

4.4.2 The Internal Audit Quality Assurance and Improvement Programme and service development work that is reported to the Committee demonstrates a commitment to continuous improvement in respect of efficiency and effectiveness.

4.5 Legal implications, access to information, and call-in

4.5.1 None.

4.6 Risk management

4.6.1 The Internal Audit Plan has been and will continue to be subject to constant review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process incorporates a review of information from a number of sources, one of these being the corporate risk register.

4.6.2 The risks relating to the achievement of the Internal Audit Plan are managed through ongoing monitoring of performance and resource levels. This information is reported to the Committee.

5. Conclusions

- 5.1 There are no issues identified by Internal Audit in the November to December 2019 Internal Audit Update Report that would necessitate direct intervention by the Corporate Governance and Audit Committee.

6. Recommendations

- 6.1 The Corporate Governance and Audit Committee is asked to receive the Internal Audit Update Report covering the period from November to December 2019 and note the work undertaken by Internal Audit during the period covered by the report.
- 6.2 The Committee is also asked to note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period.

7. Background documents

- 7.1 None.

Appendix A – Status of Planned Audits from the 2019/20 Audit Plan and Follow Up Reviews

Audit Area	Overview of Assurance	Status / CGAC Meeting
Grants and Head of Audit Assurances		
Grants and Head of Audit Assurances arising during the year	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.	Reported November 2019, January 2020 and ongoing
ICT and Information Governance		
Privileged User Access	To ensure that there are appropriate procedures in place to manage privileged user accounts.	In progress
Access Database Project	To provide assurance that the Council is aware of all access databases that require action and that there are appropriate plans in place to ensure that the deadline for PSN compliance is met.	Reported November 2019
Community Cloud	To provide assurance that the Community Cloud project is being managed to deliver its intended outcomes.	In progress
Application Portfolio Programme	To review how non-compliant systems are identified and the mechanisms in place to move these towards compliance.	In progress
Information Asset Registers	To provide assurance that the Council is aware of all data that it holds so that it can be managed and secured in line with legislation.	Not started
Information Governance Policy Reviews	To provide support to the business in the development of the new Information Governance Policies.	In progress
ICT Projects	Time reserved to provide internal audit support for ICT related projects.	Not started
ICT Projects - Benefits Realisation Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the January 2018 meeting.	In progress

Audit Area	Overview of Assurance	Status / CGAC Meeting
Management of Major Cyber Incident Risk	To review how the Cyber Incident risk is being managed, including the effectiveness of the controls in place, back up processes and the assurance reporting arrangements.	Reported November 2019
Key Financial Systems		
Benefits Reconciliations	A review of the reconciliation processes between Orchard, Academy and FMS for Housing Benefit and Council Tax Support.	In progress
Benefits: Assessment and Payments	To gain assurance over the processes and performance within the Benefits Assessment Unit, including ensuring that Housing Benefit and Council Tax Support payments are accurately processed and paid.	Not started
Council Tax	To gain assurance over the Council Tax processes for billing, income collection, recovery action, refunds and write offs.	In progress
Business Rates	To gain assurance over the business rates processes for billing, income collection, recovery action, refunds and write offs.	Reported January 2020
Capital Programme Central Controls	To gain assurance that expenditure in the capital programme is appropriately approved, controlled and monitored and that the accounting system provides accurate and timely information.	Not started
Financial Management Central Controls	To provide assurance over the central budget setting and budget monitoring arrangements.	Reported November 2019
Treasury Management and Bankline	To provide assurance that treasury management transactions are authorised, correct, appropriately recorded and reported, and are in line with relevant strategies and guidelines.	Reported November 2019
Housing Rents	To gain assurance over the housing rents processes for charging, income collection, amendments and write offs.	In progress
Sundry Income Central Controls	To provide assurance over the central management of income collection for sundry charges raised within the Council, including recovery procedures and write offs.	In progress

Audit Area	Overview of Assurance	Status / CGAC Meeting
Sundry Income Directorate Reviews	To provide assurance that all income is identified and requests for sundry income accounts are promptly and accurately raised for a sample of service areas.	In progress
Income Management System	To provide assurance over the systems that ensure all sources of income have been identified and accurately processed through the Income Management System.	Reported November 2019
Payroll Central Controls	To provide assurance over the integrity of central payroll functions, including the accuracy of payments made and the authorisation and processing of new starters and leavers.	Not started
FMS Creditor Purchase and Payment; Central and Directorate Processes	A review of the system through which orders are raised and payments are made to suppliers for goods and services.	Reported November 2019
Central Purchasing Card Controls	To provide assurance over the central purchasing card functions performed by the Central Payment Services Purchasing Card Management Unit.	Not started
Bank Reconciliation and Cash Book	The audit assesses the accuracy and timeliness of the reconciliations performed on the cashbook and the authority's main accounts.	Reported January 2020
Total Repairs	To provide assurance that there are adequate systems in place to ensure that payments made through the Total Repairs system are made to the correct creditor for goods / services which have been provided to the Council and that the payments are accurately recorded within the Council's accounting system.	In progress
Procurement		
Contract Management	Individual reviews of contract management arrangements on a sample of contracts to gain assurance that they are being managed to deliver their intended outcomes, incorporating a review of contract extensions and open book review where necessary.	Reported January 2020 and ongoing
Procurement Category Actions	To review the effectiveness of the Category Management process in supporting the delivery of strategic procurement objectives.	Not started
Social Value	To review the arrangements in place to ensure that social value outcomes are appropriately considered and delivered through procurement.	Not started

Audit Area	Overview of Assurance	Status / CGAC Meeting
Waivers of Contract Procedure Rules (CPRs) Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the January 2019 meeting.	In progress
Contract Review: Joint Venture Follow Up	To review progress in implementing the recommendations made in the previous audits, as reported to the Corporate Governance and Audit Committee at the June 2018 meeting	Reported November 2019
Contract Specification and Management Follow Up	To review progress in implementing the recommendations made in the previous audit, as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	In progress
Tendering System Controls Follow Up	To review progress in implementing the recommendations made in the previous audit, as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported November 2019
Directorate Risks - Adult Social Care and Health		
Customer Information System (CIS) Payments	To provide assurance that payments are only made in relation to people with an assessed need, have been correctly processed and are net of any client contribution. The review will also provide assurance on the adequacy of controls for identifying changes in circumstances. The review will cover all payments made through CIS for Residential and Nursing Care, Direct Payments and Homecare payments	In progress
Payments to Providers of Homecare Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the January 2018 meeting.	Not started
Deprivation of Liberties Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the March 2018 meeting.	Not started
Strength Based Approach to Adult Social Care	To provide assurance that there are controls in place to ensure the Council complies with legislative requirements.	Reported January 2020
Short Break Service	To review the new process to ensure that service users are receiving the right tier of support, it has been properly authorised, providers have been paid and that the outcomes are managed / monitored.	Not started

Audit Area	Overview of Assurance	Status / CGAC Meeting
Third Sector / Not for Profit Organisations	To review the arrangements in place to gain assurance that third sector / not for profit groups are delivering their agreed services and objectives.	Reported January 2020
Income Recovery	To provide support to the directorate's Income Recovery Project to gain assurance that all income due is identified and there are appropriate processes in place to ensure that it is billed and collected.	Not started
Unannounced Visits	Individual establishment visits to provide assurance on cash handing arrangements, including the safeguarding of service users monies.	Not started
Directorate Risks - Children and Families		
In-house Fostering, Special Guardianship and Leaving Care Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	In progress
Children Looked After Services	To gain assurance that there are effective arrangements in place to manage and monitor the safe reduction of the numbers of children looked after.	Reported January 2020
Payments to Providers of Residential Care and Independent Fostering Agencies	To provide assurance over the efficiency and effectiveness of financial controls.	Reported November 2019
Cluster Model and Area Inclusion Partnerships (AIP)	A review of the arrangements in place to ensure that funding is spent effectively on intervention and inclusion, in support of the intended outcomes of the Cluster Model and AIPs.	In progress
School Attainment	To provide assurance that there are mechanisms in place to monitor school attainment for all children and that appropriate action is taken where issues are identified.	To be considered for future audit coverage
Funding for Inclusion	To provide assurance that the top up element of the funding is being correctly calculated in line with formal criteria and then appropriately remitted to the school	In progress
Personal Education Plans	To ensure that there are quality personal education plans in place that are clear and consistent, provide purposeful targets and are subject to regular review.	Not started

Audit Area	Overview of Assurance	Status / CGAC Meeting
Budget Pressures	To gain assurance over the processes in place to manage the budget pressures within the directorate.	Not started
Programme of Unannounced Visits	Individual establishment visits to provide assurance on cash handling arrangements, including the safeguarding of service user monies	Not started
Schools		
Schools Audits	Individual audits of LCC maintained schools undertaken on a risk basis and audits of year end school voluntary fund accounts.	Reported November 2019, January 2020 and ongoing
Primary School Follow Up	To review progress in implementing the recommendations made in a previous audit.	Not started
Directorate Risks – Housing		
Housing Disrepair Follow-up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported January 2020
Leeds Building Services Information Governance (Records Management) Follow-up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the June 2018 meeting.	Reported November 2019
Private Sector Regulation (Houses of Multiple Occupancy) Follow-up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the January 2019 meeting	Not started
Fire Safety	To provide assurance over the controls in place to mitigate the risk of fire in Council properties.	Not started
Lettings Enforcement follow-up and new system review	The review will follow up on the recommendations which remain outstanding since the September 2018 follow-up review. Additional work will also be undertaken on the implementation of the new system and the roll out of the revised lettings policy.	Not started

Audit Area	Overview of Assurance	Status / CGAC Meeting
Leeds Building Services Assurances	Time set aside to provide assurance that key risks relating to Leeds Building Services are appropriately managed. Outline of specific assurance to be confirmed. To include gaining assurance that the recommendations made across previous audits are being tracked and implemented.	Not started
Universal Credit	This review assesses the arrangements that have been put in place to support tenants moving to Universal Credit	Reported January 2020
Gas Servicing	To provide assurance over the controls in place to mitigate the health and safety risks of gas fault incidents in Council properties, including the arrangements in place to ensure works identified through the gas servicing process are undertaken.	Reported January 2020
Estate Management	To provide assurance that there are adequate arrangements in place to manage estates to the required standard and that best practice is shared across areas.	Reported November 2019
BITMO Assurance	To provide support to Housing Partnerships in the management of the BITMO Assurance Framework	Reported January 2020
Council Housing Growth	To review the procurement strategy and provide assurance over the achievement of intended outcomes.	Not started
Other Directorate Risks		
Delivery of the Medium Term Financial Strategy	Review of the arrangements in place to achieve the expected outcomes set out within the Medium Term Financial Strategy.	Not started
Partnership Risk Management	To review the central arrangements in place for managing risk with partners.	Not started
Financial Due Diligence	A review of the arrangements in place to ensure that due diligence is consistently and appropriately applied before entering into an agreement or financial transaction with another party.	Reported January 2020
Invest to Save – Benefits Realisation	To review how the benefits realisation process has been implemented for a sample of Invest to Save projects.	Reported November 2019

Audit Area	Overview of Assurance	Status / CGAC Meeting
IR 35 Legislation Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the June 2018 meeting	In progress
Application of HR Policies	To gain assurance that a sample of HR policies are consistently and properly applied across the authority.	Reported November 2019 and January 2020
Civic Enterprise Leeds – Income Collection	To provide assurance that all external income is identified and collected.	Reported November 2019
LCC Vehicle Fleet Clean Air Zone Standards	Time set aside to support the directorate in ensuring that appropriate plans are in place to mitigate environmental risks relating to LCC's vehicle fleet.	Reported November 2019
Community Cohesion / Locality Working	To review the governance arrangements in place to identify and address the barriers to community cohesion in the city.	In progress
Funding from the Communities and Environment directorate to the third sector	To review the arrangements in place to gain assurance that third sector / not for profit groups are delivering their agreed services and objectives.	Not started
Customer Satisfaction	A review of the processes that support continual improvement in respect of the customer experience.	In progress
Strategic Investment Fund Acquisitions	To review the directorate's approach to, and governance of the Strategic Investment Fund. The audit will aim to provide assurance that there are appropriate controls over the acquisitions and management and that strategic investment fund plans are adequately scrutinised, approved and align with Council plans and wider best practice.	Not started
Flood Alleviation Scheme	To review the operational readiness of the Flood Alleviation Scheme	In progress
Income Review - Room Hire Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported January 2020
External Advertising Income – Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the June 2018 meeting.	Not started

Audit Area	Overview of Assurance	Status / CGAC Meeting
Commercial Rents – Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	In progress
Income Review – Leeds International Beer Festival Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported November 2019

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Report of City Solicitor

Report to Corporate Governance and Audit Committee

Date: 27th January 2020

Subject: Work Programme

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes ☒ No
Has consultation been carried out?	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Will the decision be open for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes ☒ No

1. Purpose of this report

- 1.1 The Purpose of this report is to notify Members of the Committee's draft work programme for the forthcoming Municipal Year. The draft work programme is attached at Appendix 1.

2. Background information

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

3. Main issues

- 3.1 Members are requested to consider the draft work programme attached at Appendix 1 and determine whether any additional items need to be added to the work programme.
- 3.2 Members are asked to consider and note the dates for meetings of the Committee (agreed in March 2019) in the Municipal Year; these have been set out in such a way as to enable the Committee to fulfil its functions and responsibilities in a reasonable and proportionate way.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 This report consults/ seeks Members views on the content of the work programme of the Committee, so that it might meet the responsibilities set out in the committee's terms of reference.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 There are no equality and diversity or cohesion and integration issues arising from this report.

4.3 Council policies and the Best Council Plan

- 4.3.1 The work programme provides a balanced number of reports and assurances upon which the committee can assess the adequacy of the council's corporate governance arrangements.

Climate Emergency

- 4.3.2 There are no implications associated with the climate change emergency

4.4 Resources, procurement and value for money

- 4.4.1 It is in the best interests of the Council to have sound control arrangements in place to ensure effective use of resources, these should be regularly reviewed and monitored as such the work programme directly contributes to this.

4.5 Legal implications, access to information, and call-in

- 4.5.1 This report is not an executive function and is not subject to call in.

4.6 Risk management

- 4.6.1 By the Committee being assured that effective controls are in place throughout the Council the work programme promotes the management of risk at the Council.

5. Conclusions

- 5.1 The work programme of the Committee should be reviewed regularly and be updated appropriately in line with the risks currently facing the Council.

6. Recommendations

- 6.1.1 Members are requested to consider the draft work programme and meeting dates at Appendix 1 and determine whether any additional items need to be added to the work programme.

7. Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

CORPORATE GOVERNANCE AND AUDIT COMMITTEE DRAFT WORK PROGRAMME

16th March 2020		
Internal Audit Plan	To receive a report seeking views on the Internal Audit Plan	Acting Head of Audit
Internal Audit Update Report	To receive an update report on Internal Audit's work.	Acting Head of Audit
External Audit Update Report	To receive a report which provides an update on the External Audit	Victoria Bradshaw Chief Officer (Financial Services)
Annual Assurance Report on the Procurement, Policies and Practices	To receive the annual assurance report concerning Procurement, Policies and Practices	Victoria Bradshaw Chief Officer (Financial Services)
Annual Financial Management	To receive the annual assurance report concerning Financial Planning and Management Arrangements at the Council	Victoria Bradshaw Chief Officer (Financial Services))
Treasury Management Annual Report	To receive the Treasury Management Report providing assurance on the processes used by the department	Victoria Bradshaw Chief Officer (Financial Services)
Information Governance Annual Report	To receive an annual Assurance report on the Council's Information Governance arrangements.	Louise Whitworth, Head of Information Management and Governance
Annual Business Continuity Report	To receive the annual assurance report concerning the Council's Business Continuity arrangements.	Mariana Pexton (Chief Officer Strategy and Improvement)
Draft Annual Report of the Committee	To receive and approve a draft annual report from the committee for presentation by the Chair at Full Council	Kate Sadler Deputy Head of Democratic Services

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