



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Meeting to be held remotely <https://www.youtube.com/user/Leedscouncil>
On Monday, 27th July, 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		

Note to observers of the meeting:

To remotely observe this meeting, please click on the link below. This will take you to Leeds City Council's YouTube channel, and the meeting can be viewed live from there.

<https://www.youtube.com/user/Leedscouncil>

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:-	

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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 consider and approve the minutes of the previous meeting held on 29th June 2020. (Copy attached)	7 - 14
7			MATTERS ARISING FROM THE MINUTES To consider any Matter Arising from the minutes.	

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8			ANNUAL ASSURANCE REPORT ON CORPORATE RISK MANAGEMENT ARRANGEMENTS To consider a report by the Director of Resources and Housing which presents the Annual Assurance Report on Corporate Risk Management Arrangements and seeks to assure the Committee on the effectiveness of the council's corporate risk management arrangements. The report also provides an update to the Committee on work carried out since the previous assurance report dated 26th July 2019 and summarises work planned for 2020/21. (Report attached)	15 - 22
9			COMPLIANCE WITH THE GOVERNANCE REQUIREMENTS ASSOCIATED WITH SETTING AN EMERGENCY BUDGET AND ISSUING A SECTION 114 REPORT To consider a report by the Chief Finance Officer which details what the arrangements are in respect of the submission of an emergency budget to Full Council should there be the requirement for one and also provide assurance to this committee that the Council would comply with these arrangements. The report also provides assurance to Members that the Council remains a financial going concern and provides value for money services. (Report attached)	23 - 32

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10			DRAFT STATEMENT OF ACCOUNTS 2019/20 To consider a report by the Chief Finance Officer which presents the draft unaudited 2019/20 Statement of Accounts which are currently available on the council's website for public inspection. The Statement of Accounts is included with the agenda as a separate document for Committee members and is also published on the Council's internet site with the Committee papers. (Report attached)	33 - 38
11			INTERIM ANNUAL GOVERNANCE STATEMENT To consider a report by the Chief Officer Financial Services which presents the interim Annual Governance Statement (AGS), prepared in accordance with the Regulations. (Report attached)	39 - 108
12			WORK PROGRAMME To receive a report by the City Solicitor which notifies Members of the Committee's Work Programme for 2020/21. (Report attached)	109 - 114
13			DATE AND TIME OF NEXT MEETING To note that the next meeting will take place on Monday, 21st September 2020 at 10.00am (Remote Meeting)	

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

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- 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.

Corporate Governance and Audit Committee

Monday, 29th June, 2020

PRESENT: Councillor A Scopes in the Chair

Councillors J Illingworth, P Grahame,
J Taylor, P Truswell and B Garner

1 Appeals Against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents

2 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.

3 Late Items

Although there were no late items of business, the Chair did accept the inclusion of supplementary information in respect of Agenda Item Nos: 10, 11 and 12 (These items having been discussed at a series of Working Groups held on 24th & 26th June 2020) the supplementary information being a record of the discussions at the Working Groups (Minute Nos 10, 11 and 12 referred)

4 Declaration of Disclosable Pecuniary and Other Interests'

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

5 Apologies for Absence

Apologies for absence were received from Councillors: P Harrand and M Harrison.

6 Minutes of the Previous Meeting

RESOLVED – That the minutes of the previous meeting held on 16th March 2020 were accepted as a true and correct record.

7 Matters Arising from the Minutes

The following Matters Arising were noted:

Minute No. 72 – Annual report approved in March 2020 – Currently awaiting referral to Full Council

8 Revised Statement of Accounts Timescales and Grant Thornton Audit Plan Update 2019/20

The Chief Finance Officer submitted a report which informed the Committee of the changes to the statutory timetable for publication of the 2019/20 statement of accounts.

The report also set out the changes to Grant Thornton's audit plan for 2019/20 in the light of the impact of the coronavirus pandemic.

The Chair invited Gareth Mills (Grant Thornton) to give an update on the plans for the audit of the Statement of Accounts.

Members were advised that the government had significantly extended the statutory timescales for production of the 2019/20 statement of accounts. As a result, the council aims to produce its draft statement of accounts by the end of June, with the public inspection period for the draft accounts and the interim Annual Governance Statement planned to start on 6th July.

Members were informed that the revised deadline for the publication of the final audited accounts was 30th November. However, in the accompanying guidance to the new Regulations, the government were encouraging local authorities to publish their accounts earlier than these dates if they are able to do so. Mr Mills said discussions were ongoing with regard to sign-off, the anticipated completion date was currently October 2020, however, further assurances around the level of LCC reserves and the implications for the value for money conclusion was required

Mr Mills explained Grant Thornton had provided an update to their audit plan, setting out changes to the identified risks, the audit approach and the planned timescales due to the coronavirus pandemic.

Members asked for clarification as to the potential impact of the coronavirus pandemic on the going concern assessment of the authority. Mr Mills confirmed that this will be a key area of focus, and that it is anticipated that there will be further understanding of the impact before sign off of the accounts. He acknowledged that there may be an impact on the value for money assessment. The Chief Finance Officer and Chair to be kept informed of the situation.

Referring to the valuation of assets on the balance sheet, Members queried if this was a cautionary note.

In responding Mr Mills said that guidance has been issued to valuers indicating that there may be a material uncertainty around the valuation of fixed assets as at 31st March 2020 resulting from the coronavirus pandemic, and that as such there is likely to be a material uncertainty disclosure in the accounts which will be highlighted in the external auditors' opinion..

The Chair thanked Mr Mills for his attendance and contribution.

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RESOLVED –

- (i) To note the revised timescales for production of the 2019/20 statement of accounts
- (ii) To note and accept the changes to Grant Thornton's 2019/20 audit plan.

9 Internal Audit Update Report March to May 2020

The Chief Finance Officer submitted a report which provided a summary of the Internal Audit activity for the period March to May 2020 and to highlight any significant failings or weaknesses.

The report also provided information on the impact of the Covid-19 emergency, on priorities for and the resources available to conduct the 2020/21 Annual Internal Audit Plan

Addressing the report the Head of Audit explained that 11 reports had been issued within the reporting period. Members were informed that the work undertaken supported the Annual Financial Statements and provided the Section 151 officer with assurances on the systems that generate the figures within the statements. It was noted that all had positive assurances with the majority receiving a substantial assurance. The CPR waivers follow up report issued within the same period also received a positive assurance.

Members were informed that the Counter Fraud team continued to ensure both proactive and reactive work continued as normal. Positive outcomes from their proactive work include the prevention of 2 right to Buy sales progressing, with estimated saving to the Council of £144k.

Members were made aware of Internal Audit's efforts and contribution to the COVID-19 response, noting that Internal Audit had supported colleagues in Leeds during this process to ensure that internal controls remained in place and good governance was adhered to. A particular area of support was the Business Grants work, the whole audit team, including data analytics experts came together for a period of time to assist the wider business community of Leeds.

Members noted the proposed revisions to the Internal Audit plan 2020/21

Commenting on the reactive anti-fraud work, Members requested if further details could be provided following conclusion of cases.

The Head of Audit confirmed that further details would be provided as appropriate in the circumstances.

Referring to Small Business Grant and Retail, Leisure and Hospitality Grants, Members queried if re-imbursement costs could be claimed, and whether the time and resource burden could be quantified.

Members were informed that there was no management fee applicable to the management and distribution of grants, but that efforts would be made to estimate the cost to the authority.

Members asked whether any irregularities had been identified through the work done.

The Head of Audit clarified that review work centred on both fraud and error. The work is ongoing but information will be shared with the committee at the end of the process.

RESOLVED –

- (i) To receive the Internal Audit Update Report covering the period from January to February 2020 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 had arisen to compromise the independence of Internal Audit during the reporting period.
- (iii) To approve the proposed risk based prioritisation of the Annual Internal Audit Plan 2020/21

10 Applications Portfolio Programme - Update on Access Project

The Committee received an update on the progress with the Access 2003 replacement project.

The report sought to assure the Committee that this project continued to be a priority project with regular updates being provided to CLT and remediation monitored by the Access Project Board.

This item was the subject of a separate Working Group held on 24th June 2020 when Members discussed the submitted report in detail.

The Chair tabled the notes of the Working Group setting out details of Members' consideration of the matters raised.

Members confirmed that the notes of the Working Group represented a true reflection of the discussion.

The Chair thanked officers for their attendance and contributions.

RESOLVED –

- (i) That the contents of the report be noted
- (ii) To support the actions, as referred to in Section No. 3 of the submitted report

11 Procurement Assurance Report - 2019/20

The Committee received the Procurement Assurance Report for 2019/20.

The report sought to assure Committee that the procurement policies and practices were: monitored, up to date, fit for purpose and effectively communicated.

This item was the subject of a separate Working Group held on 26th June 2020 when Members discussed the submitted report in detail.

The Chair tabled the notes of the Working Group setting out details of Members' consideration of the matters raised.

Members confirmed that the notes of the Working Group represented a true reflection of the discussion.

Further to the Working Group meeting, the Head of Commercial (Legal), provided responses to the following issues raised at the Working Group meeting:

SME/Local Spend could be broken down as follows:

- SMEs (spend with both local-SMEs and non-local SMEs) is 52.20% of overall expenditure (£465,722,583) –
- Local supplier spend (spend with local SMEs and local non-SMEs) is 49.16% of overall expenditure (£438,595,649)

Low Value Contracts - Spend/volume relating to contracts valued between £10k and the new low value threshold of £25k. The aggregate spend in 2019/20 on contracts in that bracket totalled £575k across 80 contracts, equivalent to 0.06% (rather than 2%) of total spend on external contracts.

The Chair thanked officers for their attendance and contributions.

RESOLVED –

- (i) To note the assurance provided in the submitted report, including the review, the assessment and the on-going monitoring carried out.
- (ii) To note the opinion of the Chief Officer Financial Services that Procurement policies and practices are up to date, fit for purpose and effectively communicated

12 Annual Decision Making Assurance Report

The Committee received the Annual Decision Making Assurance Report.

The report provided assurances to the Committee that the systems and processes that form part of the council's decision making framework were fit for purpose, up to date, were routinely complied with and had been effectively communicated and monitored.

This item was the subject of a separate Working Group held on 26th June 2020 when Members discussed the submitted report in detail.

The Chair tabled the notes of the Working Group setting out details of Members' consideration of the matters raised.

Members confirmed that the notes of the Working Group represented a true reflection of the discussion.

The Chair thanked officers for their attendance and contributions. In inviting Members to agree the recommendations, the Chair reminded Members of the risk that the proposed target for publication of key decisions to the List of Forthcoming key decisions would not be achieved in the current year as a result of the urgent decisions required in the Council's response to the pandemic.

RESOLVED –

- (i) That the notes of the Working Group held on 26th June 2020 be accepted as a true reflection of the discussion
- (ii) To note the assurance provided in the submitted report by the Head of Democratic Services that the decision making framework in place within Leeds City Council was fit for purpose, up to date, were routinely complied with, and had been effectively communicated and monitored.
- (iii) That the target for inclusion of key decisions in the List of Forthcoming Key Decisions be increased to 95%

13 Work Programme

The City Solicitor submitted a report which set out the ongoing Work Programme for 2020/21.

In the discussion that ensued Members welcomed the introduction of Working Groups to allow in depth consideration of some of the issue brought to Committee and that further use of Working Groups continue to be explored.

Members requested that the Chief Finance Officer attend the July meeting to discuss her views to the potential need of a Section114 report. Officers

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referred to the June report to Executive Board which explained the request made to government and the potential for an emergency budget.

The Chair asked that a report be brought to the next meeting explaining the governance processes in place relating to the emergency budget and a Section114 notice.

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

14 Date and Time of Next Meeting

RESOLVED – To note that the next meeting will take place on Monday, 27th July 2020 at 10.00am (Remote Meeting)

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Report of the Director of Resources and Housing

Report to Corporate Governance and Audit Committee

Date: 27th July 2020

Subject: Annual assurance report on corporate risk management arrangements

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

Summary

1. Main issues

- This annual report presents assurances to the Corporate Governance & Audit Committee on the effectiveness of the council's corporate risk management arrangements: that they are up to date; fit for purpose; effectively communicated and routinely complied with. It explains the key arrangements during 2019/20 and additional work planned for 2020/21.
- The report provides one of the sources of assurance the Committee is able to take into account when approving the Annual Governance Statement. It also enables the Committee to fulfil its role under the council's Risk Management Policy and the Committee's own Terms of Reference to review the 'adequacy of the council's Corporate Governance arrangements (including matters such as internal control and risk management)'.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- To help the council achieve its vision to be the UK's best council and best city, there is a need to understand and manage the risks that could impact on the ambitions, outcomes and priorities as set out in the Best Council Plan (BCP).
- The council is not risk averse; risk is present in all our services, operations and activities. It is council policy to identify, analyse and manage these risks, as both a potential threat and an opportunity.

3. Resource Implications

- In the context of the significantly increased budget constraints and the impact of the coronavirus pandemic, risks to public services and the potential impacts on vulnerable people in particular have increased, and so the need for us to have strong risk management arrangements remains essential.
- Should a risk materialise, there could be significant consequences for the council's resources, including fines and penalties, the time and cost of implementing corrective action and increased levels of monitoring required.

Recommendations

Corporate Governance & Audit Committee is asked to receive this report on the council's corporate risk management arrangements and note the assurances in support of the Annual Governance Statement.

1. Purpose of this report

- 1.1. This annual report presents assurances to the Corporate Governance & Audit Committee on the effectiveness of the council's corporate risk management arrangements. It updates the Committee on work carried out since the previous assurance report dated 26th July 2019 and summarises work planned for 2020/21.

2. Background information

- 2.1. The council's risks arise from a variety of sources, some of which are out of our direct control such as the global coronavirus pandemic and the associated economic downturn. Others stem from changes in government policy and the shifting needs and make-up of our communities. Such changes bring uncertainties that can pose threats that need addressing but also bring opportunities to exploit. Managing both aspects of risk relies on the council working effectively with partners across the public, private and third sectors and with the people of Leeds themselves.
- 2.2. Through the arrangements outlined in this report, the council seeks to embed an effective risk management culture across its values, and in the behaviour of all its staff and elected members. This responsibility extends to managing risks with our key partner organisations to ensure they are aware of and are compliant with our Risk Management Policy.
- 2.3. In recent times, local authorities and communities have experienced a wide range of significant risks: cyber-attacks, adverse weather conditions, increases in the national threat level and high profile safeguarding incidents. And of course, local authorities, communities and businesses have been significantly impacted by the risks arising from the coronavirus pandemic. In the context of the council's financial challenge and risks to public services, the potential impacts are increasing, and so the need for us to have strong risk management arrangements remains essential.

3. Main issues

3.1. Risk Management 2019/20

During 2019/20, assurance on the adequacy of the council's risk management arrangements was demonstrated by the following:

- 3.1.1. Skilled, experienced staff within the council's Intelligence and Policy Service (IPS) who lead on the authority's central risk management function. Their responsibilities include maintaining the council's Risk Management Policy and corporate risk register, facilitating risk management workshops and providing training and guidance, drawing on the latest good practice and legislative and regulatory requirements. Corporate, directorate, programme and project risk registers continue to be maintained, with risks escalated to appropriate boards and management teams and the Corporate Leadership Team (CLT- the council's Chief Executive and directors) as required. This includes providing quarterly updates on the risk status of the council's programmes and projects to the Strategic Investment Board as part of the corporate risk register. All directors have the opportunity to raise prospective risks to CLT at any time and through routine quarterly reporting.
- 3.1.2. Financial risks are included within both the corporate and directorate risk registers with updates also provided to Executive Board and Full Council through the budget reports and to Executive Board through Medium-Term Financial Strategy (MTFS) reports. An annual assurance report on the financial management and control arrangements was reviewed by this Committee on 16th March 2020, the report providing assurance that the council has robust arrangements in place for proper and effective financial control, governance and other financial management activities.
- 3.1.3. The corporate risk register continues to house those risks of significant, cross-cutting importance that require the attention of the council's most senior managers and elected members. Each of the corporate risks has named risk owners - a lead portfolio member and a member of the Corporate Leadership Team, (comprising the Chief Executive and directors) - who are jointly accountable for their management. The Executive Board as a whole retains ultimate responsibility.
- 3.1.4. The nature of risks is that they come and go as the environment changes. However, there are a set of 'standing' corporate risks that will most likely always face the council, as seen in the following table along with details of their ownership:

Risk area	Accountability (Risk owners)	
	<i>Director</i>	<i>Executive Member</i>
Safeguarding children	Sal Tariq, Director of Children and Families	Cllr F Venner: Executive Member for Children & Families
Safeguarding adults	Cath Roff, Director of Adults and Health	Cllr R Charlwood: Executive Member for Health, Wellbeing & Adults
Health & Safety	Neil Evans, Director of Resources and Housing	Cllr J Lewis: Deputy Leader & Executive Member for Resources
City resilience	Neil Evans, Director of Resources and Housing	Cllr J Lewis: Deputy Leader & Executive Member for Resources
Council resilience	Neil Evans, Director of Resources and Housing	Cllr J Lewis: Deputy Leader & Executive Member for Resources
In-year budget	Neil Evans, Director of Resources and Housing	Cllr J Lewis: Deputy Leader & Executive Member for Resources
Medium-term financial position	Neil Evans, Director of Resources and Housing	Cllr J Lewis: Deputy Leader & Executive Member for Resources
Information management and governance	Neil Evans, Director of Resources and Housing	Cllr J Lewis: Deputy Leader & Executive Member for Resources
Climate change	Neil Evans, Director of Resources and Housing	Cllr L Mulherin: Executive Member for Climate Change, Transport & Sustainable Development

- 3.1.5. Assurances for all 'standing risks' and the four additional risks currently rated as 'red' – i.e. of the highest significance - are provided through the Annual Corporate Risk Management report considered at June 2020's Executive Board. The details provided in the assurances include the key controls in place and future work planned to manage and mitigate against the risk. The four additional risks currently rated as 'red' are: coronavirus, economic growth lag, major flooding and major cyber incident. Please click [here](#) to read the report: Item 10, pages 127-150.
- 3.1.6. The latest corporate risk map continues to be published on the council's intranet and externally through the [leeds.gov](https://www.leeds.gov.uk) website. (The most recent risk map was included in the annual risk report to the Executive Board detailed above.)
- 3.1.7. The risk management arrangements take into consideration the National Risk Assessment (NRA), published by the Cabinet Office. The NRA captures the changing risk landscape affecting the UK and is also used to inform the more local West Yorkshire Community Risk Register. A member of the council's Resilience and Emergencies Team (RET) attends the West Yorkshire Resilience Forum Risk & Capabilities Sub Group which provides an excellent conduit for horizon scanning of changes to risks and threats. Together the NRA, West Yorkshire Community Risk Register and the work of the West Yorkshire Resilience Forum informs the review and update of the council's corporate risks on City Resilience and Council Resilience. The member of RET was instrumental in reviewing the NRA from a West Yorkshire perspective to ensure key risks were reflected in the WYCRR.
- 3.1.8. The guidance and template for Committee and Executive Board reports for decision making require authors to detail the risk management aspects as part of the mandatory 'Corporate Considerations' section. The report authors have the opportunity to review Executive Board reports at draft stage, providing feedback to the authors on the risk information and the links to the relevant corporate risk(s).
- 3.1.9. In January 2020, the externally provided IT system previously used to administer the council's corporate and directorate risks was replaced by a more up to date, streamlined SharePoint solution, developed in-house by IPS through cross-council user consultation.
- 3.1.10. Quarterly meetings continue to take place between IPS and Internal Audit to share information on:
- Emerging themes from Internal Audit reviews and reports regarding control weaknesses / failures and risks arising;
 - Feedback to Internal Audit on any new risks/risk areas identified and any changes to existing risks; and
 - Specific risk management work carried out, including risk workshops and training delivered.
- 3.1.11. Regular meetings also continue to take place between IPS and the Insurance Service to share relevant information between the two services and to consider the insurance aspects of the corporate and directorate level risks.
- 3.1.12. Risk management workshops continue to be offered to council services. In 2019/20 IPS facilitated workshops on Information Management and Governance within City Development directorate and also Taxi and Private Hire Licensing.
- 3.1.13. Risk management training sessions continue to be offered to council staff and are combined with risk workshops where possible. During the year training sessions were delivered to staff taking over risk management duties in Housing Services and the Council Housing Growth Team.

3.2. Partnership risk management

3.2.1. Partnership risks generally cover two main areas:

- Partnerships of a commercial and contractual nature (such as those for major suppliers or construction schemes) usually have risk management arrangements included in the terms and conditions of their contracts. In accordance with the council's Contract Procedure Rules, risk registers are required for all partnerships and projects with a value above £100k.
- Risk management arrangements for partnerships of a more strategic nature (such as Third Sector Organisations and other public sector organisations) tend to be less well defined. Due to the differing nature of these strategic partnerships, a single risk management methodology is harder to apply, in part because the council is not always the lead organisation in the partnership (e.g. with the West Yorkshire Combined Authority). Where this is the case, the council may be required to adopt the partner's risk management arrangements.

3.2.2. A guidance note on Partnership Governance, including risk management principles, has been developed jointly by colleagues from IPS and Financial Services. Once piloted, the guidance note will be rolled out and made available for use by all partnerships, with particular applicability to those of a more significant nature.

3.3. Risk Management 2020/21

3.3.1. Since March 2020, a significant amount of risk management focus has been the ongoing work related to the Coronavirus (COVID-19) pandemic. Council services and resources have – and will continue to be – impacted by the pandemic and this places additional focus on risk management arrangements to ensure that new and evolving risks are identified and treated.

3.3.2. The impact of the pandemic on the council's corporate risks has seen the ratings for the financial and economy risks increase considerably, as well as a new specific 'coronavirus' corporate risk established. This new risk is updated regularly and is included in the 'Update on Coronavirus (COVID-19) Pandemic – Response & Recovery plan' reported to Executive Board each month since April through a specific risk annexe. The risk is updated with details from 'Silver Groups', each one covering a different aspect, these being: Health & Social Care; Communities, Business & Economy; Infrastructure & Supplies; Communication; and Organisational Impact. These groups form part of the ongoing strategic activity in place across the council to identify and manage Covid-related risks. The council's risk management framework also plays an important role in the city's multi-agency command and control arrangements, which have been developed further in response to COVID-19 to facilitate the coordination and communication on a set of complex interrelated challenges. The new Leeds COVID-19 Outbreak Control Plan forms a key part of these arrangements, particularly as lockdown measures are being eased.¹

3.3.3. The [Best Council Plan](#) (BCP) 2020 to 2025 was approved at February's Full Council alongside the Budget. It is currently being amended to reflect the changed context as a result of coronavirus, with a more significant update anticipated for later in 2020/21 when the impacts on our citizens, communities and the economy are better known. At that point, a proportionate review and update of the council's Risk Management Policy will be carried out to ensure it remains properly aligned to the

¹ The Plan – available [here](#) – sets out how local partners will work together to reduce transmission, prevent and manage outbreaks and has three aims: to reduce infections, save lives and support recovery.

organisational ambitions, outcomes and priorities set out in the plan. The update will take into account the latest guidance, relevant standards (including ISO 31000²), and any changes in statutory / regulatory requirements of risk management in local authorities. We will engage with this Committee on the Policy update.

- 3.3.4. With the signing of the Withdrawal Agreement by the UK Government, the immediacy of the UK leaving the EU without a deal receded. The council continues to monitor the progress of the negotiations between the UK Government and the EU and any risks and opportunities for Leeds arising from this. The council is concentrating on the economic and social implications of the transition arrangements, including the EU Settlement Scheme, and new arrangements as they become clear e.g. trade and regulatory implications. Updates will be provided to Executive Board, and other relevant Scrutiny Boards where appropriate.
- 3.3.5. Other work planned for the year includes an annual refresh of the council's guidance and template for Committee and Executive Board reports for decision making and reviews of risks in specific service areas to ensure they are still relevant, properly described, their ratings are correct and that they are at the correct level of risk register.
- 3.3.6. Following the implementation of the in-house Share Point site used to administer our corporate and directorate risks, a user survey is planned to obtain feedback on how well the system is working and to identify any areas where improvements can be made.
- 3.3.7. A final major area of focus is IPS's involvement in the cross-council work to develop savings options to help manage the financial challenge. The Head of Business Planning & Risk will review emerging options to make savings from a risk management perspective prior to proposals being considered by September's Executive Board. As with all services, it should also be noted that IPS is currently reviewing its own service to identify savings options, which may have implications for the council's risk management arrangements and the work planned for 2020/21 described above.

4. Corporate considerations

4.1. Consultation and engagement

- 4.1.1. Key stakeholders continue to be engaged in maintaining the council's corporate risk management arrangements. As well as this Committee, these include the Executive Board, Scrutiny Boards and the Corporate Leadership Team.

4.2. Equality and diversity / cohesion and integration

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

4.3. Council policies and the Best Council Plan

- 4.3.1. The risk management arrangements in place support compliance with the council's Risk Management Policy and Code of Corporate Governance, through which, under Principle 4, the authority should take 'informed and transparent decisions which are subject to effective scrutiny and risk management'.
- 4.3.2. Effective management of the range of risks that could impact upon the city and the council supports the delivery of all Best Council Plan outcomes and priorities.

Climate Emergency

² In 2018, the International Organization for Standardization issued updated risk management guidelines (ISO 31000).

4.3.3. Following the council's declaration of a climate emergency in 2019, a risk was added to the corporate risk register: 'Failure to adapt to and mitigate more extreme weather conditions brought about by climate change, resulting in an adverse impact on Leeds (its people, communities, infrastructure, economy and natural environment).' The council and our partner organisations are taking a range of actions to help mitigate and continue to adapt to this long-term risk. These include progressing schemes to reduce the risk of flooding across the city, encouraging increased tree canopy cover in urban areas and promoting community resilience through effective communications with the public. As the climate emergency is cross-cutting in nature it is linked to many other corporate risks. Where applicable, the supporting details for these risks - such as the sources, consequences and mitigating actions - reflect aspects of the climate emergency.

4.4. Resources, procurement and value for money

4.4.1. The risk management arrangements set out in this report help the council to target and prioritise resources to help reduce costs, deliver savings and achieve value for money.

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

4.5.1. The council's risk management arrangements support the authority's compliance with the statutory requirement under the Accounts & Audit Regulations 2011 to have 'a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'

4.5.2. The corporate risk map is published on the council's leeds.gov website with annual reports to Executive Board on the council's most significant risks also publicly available.

4.5.3. No decision is required; therefore this assurance report is not subject to call in.

4.6. Risk management

4.6.1. This report provides assurances on how Leeds City Council manages the most significant risks facing the organisation and the city.

5. Conclusions

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

6. Recommendations

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

7. Background documents³ - none

³ 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 Financial Services

Report to Corporate Governance and Audit Committee

Date: 27th July 2020

Subject: Compliance with the governance requirements associated with setting an Emergency budget and issuing a Section 114 report

Are specific electoral Wards affected?	☐ Yes	☒ No
If relevant, name(s) of Ward(s):		
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?	☐ Yes	☒ No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. At the June meeting of Corporate Governance and Audit Committee Members asked for assurance in relation to the arrangements in place to meet the well-publicised impact of the Covid-19 pandemic, and associated emergency response and recovery, on the Council's financial position.
2. This report sets out the Council's process for the submission of an emergency budget and provides assurance that the proposed measures would be both agreed by Council's Executive Board and consulted upon prior to Full Council consideration of the proposals.
3. The report also sets out the legislative procedure for issuing a S.114 report in accordance with the Local Government Finance Act 1988 should the Council's S151 Officer conclude that it is necessary to do so.
4. The report provides assurance that should an emergency budget be set in 2020/21 then the Council will be able to comply with statutory and other guidance.
5. As detailed in the annual Statement of Accounts, and as reflected in the sustainability and robustness of the financial assumptions contained in Council's Medium Term Financial Strategy, the Council demonstrates that it remains a going financial concern and provides value for money services.

6. Grant Thornton the Council's External Auditors are fully supportive of the measures being taken by the Council to bring its finances back into balance and comply with statutory duties.

Recommendation

7. Corporate Governance and Audit Committee are asked to note that there are appropriate procedures and processes in place should there be a requirement for Full Council to have to agree an emergency budget in 2020/21.

1. Purpose of this report

- 1.1 The overall purpose of this report is to detail what the arrangements are in respect of the submission of an emergency budget to Full Council should there be the requirement for one and also provide assurance to this committee that the Council would comply with these arrangements.
- 1.2 The report also provides assurance to members that the Council remains a financial going concern and provides value for money services.

2. Background information

- 2.1 In both May and June the Council's Executive Board received reports from the Chief Officer – Financial Services detailing the impact of COVID-19 upon the Council's financial position in 2020/21. The June report detailed how the impact of COVID-19 has resulted in a projected overspend of £197.6m which reduces to £193.5m if account is taken of non – COVID related savings. To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £156.5m. It is currently assumed that Collection Fund income shortfalls of £60.9m would impact in 2021/22, leaving a COVID funding gap of £95.6m for 2020/21. This position reflects the June Executive Board Report and is continuously updated to both the Executive Board and to MHCLG.
- 2.2 In response to the financial position in 2020/21 Council has written to the Government, requesting additional support and flexibilities which would allow the Council to respond to the impact of the pandemic on its financial position. In addition the Council has implemented a number of management measures to start to mitigate this projected overspend and these include implementation of a recruitment freeze, restriction on the utilisation of agency staff and overtime, and implementation of an immediate freeze on non-essential spend.
- 2.3 The report to June's Executive Board recognised that if further support from the Government is not going to be forthcoming or is insufficient to address the forecast financial position then a number of measures have been identified which will

contribute towards addressing the level of overspend. These measures will require an emergency budget to be agreed by Full Council in the summer.

- 2.4 In addition the report detailed that if in the professional opinion of the Chief Officer - Financial Services the actions proposed in this report are insufficient to reduce the Council's cost base to enable there to be sufficient resources to fund services following the emergency budget in the summer, then a Section 114 report would be issued.

3. Main issues

3.1 Setting an Emergency Budget in 2020/21

- 3.1.1 As recognised in the report to June's Executive Board if further support from the Government is not going to be forthcoming or is insufficient to address the forecast financial position then a number of measures have been identified which will contribute towards addressing the level of overspend. These measures will require an emergency budget to be agreed by Full Council in the summer.
- 3.1.2 In setting an emergency budget the Chief Officer – Financial Services would be required to submit a report containing the proposed emergency budget measures to the Council's Executive Board. Executive Board would be asked to agree these emergency budget measures for 2020/21 and also request that they be subject to consultation. In line with the Council's budget and policy framework procedure rules this would require referral of the proposed emergency budget to the appropriate Scrutiny Boards for a period of six weeks, although this can be reduced by Executive Board if special factors make such a period inappropriate. In addition the proposals must be the subject of wider consultation with stakeholders, including in this case public consultation, which must take place over such period as to make it meaningful.
- 3.1.3 A report containing the emergency budget measures along with the comments of Scrutiny and stakeholders would then be received at the next meeting of the Council's Executive Board. Executive Board would be requested to recommend to Council the adoption of the emergency budget measures. Full Council would receive these emergency budget measures with the relevant recommendation from the Executive Board.

3.2 Issuing a Section 114 notice

- 3.2.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and the Chief Officer - Financial Services has responsibility for these arrangements.
- 3.2.2 If in undertaking this statutory role it is clear that the Council cannot deliver a balanced budget position in 2020/21 then it is incumbent on the Section 151 Officer under the Local Government Finance Act 1988, Section 114 (3) to "make a report under this section if it appears....that the expenditure of the authority incurred

(including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure”.

- 3.2.3 A Section 114 report would be issued after consultation with the Senior Management Team, the Executive Board and External Audit. The timing of the announcement would be such that it would allow for the implementation of specific actions, e.g. no new expenditure that is not of a statutory minimum requirement, which would contribute towards improving the Council’s financial position.
- 3.2.4 Before the Section 114 report was issued the Section 151 Officer would also ensure that all Scrutiny Chairs, the Chair of Corporate Governance and Audit, and the opposition Leaders were informed and kept updated on the position.
- 3.2.5 The Chartered Institute of Public Finance and Accountancy’s (CIPFA’) guidance to Chief Financial Officers (CFO) has been modified to allow councils under budgetary pressure due to COVID-19 the time and space to explore alternatives to freezing spending via a S.114 notice. These temporary modifications to guidance mean that it should not normally be necessary for S.114 notices to be issued while informal discussions with government are in progress. Specifically modifications require that at the earliest possible stage a CFO should make informal confidential contact with MHCLG to advise of financial concerns and a possible forthcoming S.114 requirement. In addition the CFO should communicate the potential unbalanced budget position due to COVID-19 to MHCLG at the same time as providing a potential S.114 scenario report to the council executive (cabinet) and the external auditor.
- 3.2.6 Under S115 of the Local Government Finance Act 1988 Councillors have 21 days from the issue of a Section 114 report to discuss the implications at a Full Council meeting and before the consideration of an emergency budget.

3.3 Role of Corporate Governance and Audit Committee

- 3.3.1 The terms of reference for the Corporate Governance and Audit Committee includes the requirement “to review the adequacy of policies and practices to ensure compliance with statutory and other guidance.”
- 3.3.2 Therefore should there be a requirement for an emergency budget for to be adopted by Full Council, as described by the process outlined in 3.1 above, or Full Council adopts an emergency budget following the receipt of a S.114 report from the Chief Officer – Financial Services, then this Committee will be updated to give assurance that the process followed complies with the both the Council’s own governance arrangements and statutory requirements.

3.4 Going concern and Financial Health

- 3.4.1 The draft Statement of Accounts for 2019/20, which can be found elsewhere on this agenda, notes that the financial uncertainty which the Council is facing does not impact on the going concern basis for the production of the accounts. The Code of Practice on Local Authority Accounting in the United Kingdom requires

that all councils should produce their accounts on a going concern basis. This is a reflection of the statutory position, that local councils do not have the power to cease their operations (as would be the case for a private sector body which was in financial difficulty).

- 3.4.2 As reflected in the updated Medium Term Financial Strategy that was received at Executive Board in October 2019, and that covered the period 2020/21 to 2024/25, the principle underpinning the strategy over the five years is to ensure that Leeds City Council is financially sustainable with less reliance upon short term solutions to fund recurring expenditure. An updated Medium Term Strategy which will cover the period 2021/22 – 2025/26, and which will take account of the impact of COVID-19 upon the Council's financial position, will build upon this requirement.
- 3.4.3 Financial Health reports which are received at the Council's Executive Board continue to demonstrate both the robustness of the Council's approved budgets and, COVID-19 impacts aside, the ability of the Council to deliver the required level of budgeted savings to deliver a balanced budget position.
- 3.4.4 Under the 2003 Local Government Act, the Chief Officer – Financial Services is required to make a statement to Council on the adequacy of reserves as part of the annual budget setting process. Grant Thornton's "Annual Audit Letter" for the year ended 31st March 2019 noted that "the Council has continued to maintain reserves at around 5% of net revenue expenditure" whilst at the same time recommending the "need for the Council to consider the adequacy of its reserves going forward." In accordance with this recommendation the current Medium Term Financial Strategy provides for resources to ensure that this 5% requirement is achieved although the level of reserves always remain under review particular in the context of the current COVID-19 pandemic.
- 3.4.5 With regard to the response to the impact of the COVID-19 pandemic upon Leeds City Council's financial position, a letter has been received by the Council's Chief Officer – Financial Services from Grant Thornton, the Council's external auditors which states that they are "fully supportive of the measures Leeds City Council are taking to help bring the Council's finances back into balance and comply with statutory duties.". A copy of this letter can be found in Appendix 1.

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Extensive consultation was undertaken as part of the budget setting process, as outlined in the Revenue Budget and Council Tax 2020/21 report to Full Council on the 26th February 2020. This report has no direct issues requiring consultation or engagement.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 A specific equality impact assessment of the budget at a strategic level was undertaken and was reported to Full Council on the 26th February 2020 as part of

the Revenue Budget and Council Tax 2020/21 report. This report has no direct equality and diversity/cohesion issues.

4.3 Council policies and Best Council Plan

- 4.3.1 The 2020 to 2025 Best Council Plan's ambitions, outcomes and priorities underpin the 2020/21 budget and have been used to ensure that the Council's financial resources are directed towards its policies and priorities and, conversely, that these policies and priorities themselves are affordable. Spending money wisely is one of the core Council's values, with the priority being for Directorates and services to keep within their budgets. Ensuring that the Council has appropriate financial management systems and procedures in place is clearly a key aspect and as such this report does provide some assurances, albeit not comprehensive, assurance that money is being spent wisely.
- 4.3.2 The terms of reference of the Corporate Governance & Audit Committee require the Committee to consider the adequacy of the Council's policies and practices to ensure compliance with statutory guidance and the adequacy of the Council's corporate governance arrangements.

4.4 Resources and value for money

- 4.4.1 This report deals with the processes for the Council agreeing an emergency budget and/or the Section 151 officer issuing a S.114 report. There are no specific financial implications resulting from this report. The financial implications of an emergency budget or the issuing of a S.114 report would be contained in the respective reports received at Council.

4.5 Legal implications, access to information and call in

- 4.5.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer have responsibility for those arrangements.
- 4.5.2 Whilst there are no specific legal implications resulting from this report, the Chief Officer – Financial Services will be required to follow the requirements of the 1988 Local Government Finance Act if a S.114 report was issued.
- 4.5.3 This report does not require a key or major decision and is therefore not subject to call-in.

4.6 Risk Management

- 4.6.1 There are no specific risks resulting from this report. Any significant and new risks in respect of the 2020/21 revenue budget are contained in the budget monitoring reports submitted to meetings of the Executive Board together with any identified slippage on budget savings plans.

- 4.6.2 Reports to Executive Board in respect of the Medium Term Financial Strategy and the Revenue Budget for the forthcoming financial year also identify risks associated with the assumptions contained in these two documents.
- 4.6.3 The Council's external auditors provide a risk assessment on the Council's financial resilience and the accounts process as part of their audit.

5. Conclusions

- 5.1 In the context of the challenging financial position that was detailed in the respective reports of the Chief Officer – Financial Services, which were received at Executive Board in May and June, there are prescribed procedures and legislative requirements to follow if an emergency budget has to be set and/or a Section 114 report issued and that the Council will be required to follow these.
- 5.2 That the Council will continue to remain a financial going concern and provide value for money services.
- 5.3 That the Council's external auditors are fully supportive of the measures being taken by the Council to bring its finances back into balance and comply with statutory duties.

6. Recommendations

- 6.1 Members of the Corporate Governance and Audit committee are asked to note that there are appropriate procedures and processes in place should there be a requirement for Full Council to have to agree an emergency budget in 2020/21.

7. Background documents¹

- 7.1 None

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.



Grant Thornton
An instinct for growth™

Victoria Bradshaw
Chief Officer – Financial Services
Leeds City Council
Civic Hall
Calverley Street
Leeds
LS1 1UR

Grant Thornton UK LLP
No1 Whitehall Riverside
Leeds
LS1 4BN
T +44 (0)113 245 5514
F +44 (0)113 246 5505
www.grant-thornton.co.uk

1 June 2020

Dear Victoria

Impact of Coronavirus COVID-19 upon Leeds City Council's 2020-21 Financial position

Many thanks for taking time to update me on the above matter on 28 May in advance of our quarterly liaison meeting on 3 June 2020. I thought it would be useful to draft this letter following our discussion which summarises my understanding of the situation and on your proposed response to the challenges facing the Council. We agreed the content of this letter on 1 June and agreed to issue the letter as a final version on 17 June to coincide with the papers deadline for the Council's June 2020 Executive Board.

We noted in our Audit Findings (ISA260) Report in July, and in our Annual Audit Letter in August 2019, the Council needed to consider the adequacy of its level of reserves. We discussed that the Council's 31 March 2019 level of revenue reserves of £91.1m (£29m general fund and £63.1m earmarked general fund reserves) were likely to come under further pressure in the coming years unless income was increased or expenditure reduced.

The impact of the Covid-19 pandemic has now significantly increased the risks associated with the Council's financial position, with additional expenditure incurred coupled with a projected reduction across various income streams, including council tax, business rates, sales and fees and charges.

You have described the financial challenges in your report to the Council's Executive Board on 19 May 2020. Whilst the Government has provided support to the Council of £43.7m via two Covid-19 related grants you have acknowledged that without further Government support, the Council is facing a c£160m funding gap over the 2020-21 and 2021-22 period.

You set out to me your proposed approach to deal with these challenges via three key measures:

1. Request additional support from Government, specifically to underwrite revenue losses from income streams
2. Seek a Capitalisation Direction to cover the costs of Covid-19
3. Depending on the outcome to the above points, issue an emergency budget for 2020-21 by September 2020.

Should the above proposals and measures not be sufficient to bring the Council's 2020-21 budget back into balance, then a S114 Report would need to be issued.

You are also very mindful of the 2021-22 projections, where the original funding gap of £52m may possibly increase to double this figure without appropriate action being taken or further financial support arising. The delayed Comprehensive Spending Review and local government settlement adds further uncertainties to 2021-22 and beyond.

You have noted that you are in regular dialogue with the Chief Executive, the Corporate Leadership Team and senior Members of the Council and that they are supportive of your proposed measures to navigate the Council's finances through these difficulties. It will be important to maintain this level of engagement and communication with senior internal stakeholders as matters progress over the coming weeks. Without additional support and/or the capitalisation directive, it is inevitable that senior officers and members will have to make some difficult decisions during the remainder of 2020 as it is their statutory duty to do so.

You mentioned the service reviews which you are planning to perform in the coming weeks to help inform 2021-22 decisions, and the more immediate actions being taken to reduce costs to support a possible future 2020-21 emergency budget. As part of these reviews you are considering those areas where the Council is an outlier in terms of cost of service delivery to help inform the debate around where savings could be identified and achieved.

The Council went into 2019-20 in a reasonable financial position, albeit with a significant savings programme and an acknowledged need to build up its reserves position. The Covid-19 pandemic and its resulting financial implications has highlighted the Council's reserves position in a fairly brutal fashion.

As your appointed external auditor, I am fully supportive of measures you are taking to help bring the Council's finances back into balance and comply with statutory duties. I support you seeking additional central funding via your discussions with Government (as part of Core Cities, regional and Leeds specific engagements), and the service reviews which may ultimately result in an 2020-21 emergency budget.

I think it is unlikely the Government will fully fund the Council's gross budget gap, however, it will be important in your discussions with Government to demonstrate the Council's willingness to deal with the financial challenges itself as much as possible, including the need to utilise some of the Council's remaining reserves.

The likelihood of any additional financial support (on top of any further generic support for the local government sector) or capitalisation order from the Government is likely to be increased if you can demonstrate that the Council has taken all the reasonable measures it can in order to reduce the budget gap.

The Council may also find it helpful to categorise its spending in relation to the pandemic between following national prescription – eg homelessness measures, increases in support for care providers and any local measures. On the income side you could split revenue between statutory functions and Council decisions on investment and regeneration, so that arguments about the precise nature of spending pressures and income losses can be set out to Government.

An emergency budget which sets out additional savings and spending restrictions on areas where the Council is an outlier, utilises some reserves and is supported by Members and the Corporate Leadership Team should send a message to Government that the Council acknowledges its financial position and is genuinely doing something about it.

Following our call last week, I have raised the issue with Paul Dossett (Grant Thornton's Head of Local Government). He has a number of his own clients facing a similar challenge and also has sight of the issues across the local authority sector given his national position. I will continue to consult with Paul on this issue and have sent him a copy of this letter. I have also included the Chief Executive and Chair of the Corporate Governance and Audit Committee on the distribution list of this letter.

I do acknowledge the pressure the Council is under at this difficult time. As we discussed on 28 May, we agreed how important it will be to maintain a regular dialogue over the coming weeks as the circumstances develop and crystallise. I will continue to regularly engage with you on the issues raised in this letter and provide the support and challenge you would expect from external audit.

Yours sincerely

Gareth

Gareth Mills

Public Sector Audit Engagement Lead, Grant Thornton

CC:

- Tom Riordan, Chief Executive, Leeds City Council
- Cllr Andrew Scopes, Chair of Corporate Governance and Audit Committee, Leeds City Council
- Paul Dossett, Head of Local Government, Grant Thornton



Report author:	Mary Hasnip
Tel:	x89384

Report of the Chief Finance Officer
Report to Corporate Governance and Audit Committee
Date: 27th July 2020
Subject: Draft Statement of Accounts 2019/20

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 The Chief Finance Officer has reviewed the 2019/20 accounts and certified that they are a true and fair view of the Council's financial position.
- 2 The accounts have been drawn up based on proper accounting practice as required by the Accounts and Audit Regulations 2015.
- 3 The accounts were made available for public inspection for thirty working days commencing 6th July 2020.
- 4 The draft accounts are prepared in the context of an uncertain financial outlook arising from the coronavirus pandemic. However as the balance sheet date of 31st March 2020 fell shortly after the start of lockdown, there has been limited impact on the figures to be reported for 2019/20.

Best Council Plan Implications and Resource Implications

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

Recommendations

2. Members are asked to note the 2019/20 unaudited Statement of Accounts as certified by the Responsible Financial Officer.

1. Purpose of this report

- 1.1 The purpose of this report is to present to the Committee the draft unaudited 2019/20 Statement of Accounts which are currently available on the council's website for public inspection. The Statement of Accounts is included with the agenda as a separate document for Committee members and is also published on the Council's internet site on the 'Our financial performance' webpage. The draft accounts will remain available on the website until they are replaced with the final audited accounts.

2. Background information

- 2.1 Whilst it is not a statutory requirement for members to formally approve these unaudited accounts, members of this Committee requested that they receive the draft accounts for information, prior to the final audited accounts being submitted to the committee for approval in the autumn.

3. Main issues

3.1 Going concern basis for the statement of accounts

- 3.1.1 The council's accounts are prepared on a going concern basis, i.e. on the assumption that the council will continue to exist and to provide local services for the foreseeable future.
- 3.1.2 This is a requirement of the Code of Practice on Local Authority Accounting, covering for all statutory authorities. The Code applies IAS1 which states that an organisation "shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so". Since the governing body of a local authority has no power to wind up the entity and cease its operations, a statutory local authority will always be a going concern as defined by IAS1. Further, in the event of government intervention to abolish a local authority, there would be a successor authority or authorities which would assume ownership of the assets and liabilities and continue to provide local services. A going concern basis of accounting would therefore still be appropriate as the functions of the authority would continue to operate for the foreseeable future.
- 3.1.3 In the light of the coronavirus pandemic, CIPFA's guidance for 2019/20 statements of accounts includes a reminder that the going concern basis of accounting is mandatory for statutory local authorities. It clarifies that a local authority cannot apply the requirement of IAS1 to carry out a review of its ability to continue as a going concern. However given that this is the case, it identifies a separate need for local authorities to include commentary in the narrative report that accompanies the statement of accounts, covering their financial health and the financial pressures that they face as a result of the impact of the coronavirus pandemic.
- 3.1.4 The Narrative Foreword to the 2019/20 statement of accounts discusses the financial pressures that the council is facing, highlighting that at the date of issue of the draft accounts there is considerable uncertainty over both the extent of the financial pressures and the extent to which additional government support will be received to help to address them.

- 3.1.5 Rather than a going concern assessment, the key measures of a local authority's financial standing are whether it can deliver its current budget by keeping expenditure to within the level of the resources available, and its ability to meet its statutory duties in setting a balanced budget in the future. This is discussed further in the report presented on this agenda which covers the circumstances under which a S151 officer may be required to issue a S114 report.

3.2 Main financial issues

- 3.2.1 The most significant impact of the coronavirus and the associated lockdown on the 2019/20 statement of accounts has been to increase the level of estimation uncertainty, particularly in the valuation of property assets. The lack of activity in the property market from mid-March led RICS (the Royal Institute of Chartered Surveyors) to issue a valuation practice alert, advising its members that material uncertainty declarations were likely to attach to valuations which would normally rely on market data. As a result, the draft accounts include additional disclosures explaining the uncertainty that attaches to property valuations this year. Given that the majority of the economic impact from the coronavirus lockdown has happened after the balance sheet date of 31st March, there is a potential for post balance sheet event disclosures to be required before the accounts are finalised, if there is sufficient data available at that time for a valid re-assessment of property values to be made, and if these indicate significant changes in property values.

- 3.2.2 The following is a summary of the main financial issues raised by the 2019/20 unaudited accounts

- The final outturn position for the year was a £3.5m contribution to the General Fund Reserve, which represented a £0.3m overspend in comparison to the figure budgeted for.
- The Housing Revenue Account outturn position was a £3.0m usage of revenue reserves, which was in line with the use of reserves budgeted for. However, within this position net variations of £2.9m have been offset by a reduced revenue contribution to the capital programme.
- The council's net worth has increased by £149.3m and stands at £1,535m. The most significant factor in this increase was an increase of £451m in the value of tangible and intangible fixed assets. However this has been partly offset by an increase in the net pensions liability of £208m, largely as a result of poorer than anticipated earnings from assets.
- Net borrowing for capital and treasury management purposes has increased during the year by £100m, in comparison to an increase of £143m in the borrowing element of the capital financing requirement. The council also significantly increased its levels of cash and cash equivalents held during March 2020, to guard against liquidity risks in the light of the impact of coronavirus.
- The council's level of usable reserves has increased by £25m to £337m during the year. It should be noted however that this increase included £19m from the first tranche of Covid Support grant, which was received in late March and carried forward to fund costs in 2020/21. The figures for useable reserves also include an increase of £10m in usable capital reserves, largely capital grants received in advance.

A full analysis of these and other financial issues is included in the Foreword of the Chief Finance Officer which can be found at the front of the accounts.

3.3 Responsibilities and Timeframes for Approving the Statement of Accounts

3.3.1 The Accounts and Audit Regulations 2015 determine the roles and responsibilities for approving local government accounts. As reported at the June meeting of the Committee, in response to the coronavirus pandemic the government has made changes to the Regulations to extend the publication deadlines for 2019/20. Under the amended regulations it is the responsibility of the Responsible Financial Officer to certify that the accounts are a true and fair view of the Council's financial position, and for 2019/20 this must be done before the 31st August. The accounts must then be available for public inspection for thirty working days. This Committee is charged with approving and publishing the final audited accounts on or before the 30th November 2020.

3.3.2 To enable members to discharge their responsibilities for approving the accounts at the October meeting of the committee, the following assurances can already be given, or will be given within the approval process :

- On 2nd July 2020 the Chief Finance Officer in her capacity as the Responsible Financial Officer signed the draft 2019/20 accounts, confirming that she is satisfied that they present a true and fair view of the Council's financial position.
- The accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which represents proper accounting practice for local authorities, as required by the Accounts and Audit Regulations 2015.
- Grant Thornton are currently undertaking a detailed audit of the accounts to ascertain that, in their view, the accounts show a true and fair view of the Council's financial position. They will report any significant issues back to this Committee in the autumn.
- Stakeholders have thirty working days while the accounts are on deposit to look through the accounts and supporting documentation and raise any questions with the auditors or to object to the accounts. If considered an eligible objection the auditors would investigate the complaint or questions and determine whether the accounts needed amendment. Any significant issues raised in this way would be reported back to this Committee in September. For 2019/20, the public inspection period commenced on 6th July.
- Members have the opportunity to question officers on any aspect of the accounts at this Committee or in the October Committee prior to approving the accounts.

3.4 External Audit Issues

3.4.1 Grant Thornton presented their annual audit plan to the committee in January 2020, and presented an update in response to the coronavirus pandemic in June 2020. The first of these documents identified two key areas of audit risk for the 2019/20 accounts, due to the materiality of the figures involved. These were the valuation of property, plant and equipment and the valuation of net pension liabilities. The update identified that the coronavirus pandemic presented a further risk to the accounts, in terms of both the council's capacity to produce its statement of accounts and uncertainty over valuations to be included and over the wider financial outlook.

- 3.4.2 In July 2019, Grant Thornton reported back to this Committee on their main audit findings in respect of the 2018/19 accounts and any recommendations or risks for the following year's accounts. The report made two medium priority recommendations – firstly in relation to the statement of accounts that the valuation date for the council's property, plant and equipment should be moved from 30th September to later in the year, and secondly in relation to value for money, that the council should keep the level of its reserves under review. Officers discussed the asset valuation date with the council's valuers. Their view was that it would not be possible to produce reliable valuations based on market data for a 31st March valuation date within the required timescales for the statement of accounts. However they did indicate that improvements in software may make a move to a date later than 30th September possible for the 2020/21 statement of accounts.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 This is a factual report from the Chief Finance Officer on the Council's 2019/20 financial accounts and consequently no public, ward member or councillor consultation or engagement has been sought.

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 The Statement of Accounts is an audited publication which provides all stakeholders with the confidence that public money has been properly accounted for and that the financial standing of the Council is on a secure basis.
- 4.3.2 As required by the Accounts and Audit Regulations 2015, the accounts are to be made available for public inspection for thirty working days. Local electors and taxpayers have the right to look through the accounts and supporting documentation as well as the right to object to the accounts and question the auditors.

Climate Emergency

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

4.4 Resources, procurement and value for money

- 4.4.1 This is a factual report of the Chief Finance Officer on the financial accounts of the Council for 2019/20. There are no additional financial or value for money implications.

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

- 4.5.1 The accounts are required to be certified as a true and fair view of the Council's financial position by the Responsible Financial Officer before the end of August

2020. This report does not require a key decision and is therefore not subject to call in.

4.6 Risk management

- 4.6.1 The Council's external auditors provide a risk assessment on the accounts process as part of their annual audit plan, which was presented at a previous meeting of this Committee. The specific areas identified as audit risks will be covered as part of their audit work, and any issues arising will be reported to this committee at the meeting at which the final audited accounts are presented for approval.

5. Conclusions

- 5.1 The draft accounts have been prepared in the context of an uncertain financial outlook arising from the coronavirus pandemic. However the majority of the financial impact of the pandemic will be experienced during 2020/21, and the main impact on the figures to be reported for 2019/20 has been greater than usual uncertainty over some valuations at the balance sheet date. This has necessitated additional disclosure within the draft accounts.
- 5.2 The Responsible Financial Officer has certified that the accounts are a true and fair view of the council's financial position.

6. Recommendations

3. Members are asked to note the 2019/20 unaudited Statement of Accounts as certified by the Responsible Financial Officer, and that they have been released for public inspection.

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.

Report of Chief Officer Financial Services

Report to Corporate Governance and Audit Committee

Date: 27th July 2020

Subject: Interim Annual Governance Statement

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

1. Main issues

- This report presents the interim Annual Governance Statement (AGS), prepared in accordance with the Account and Audit Regulations 2015/234 (the Regulations).
- The interim AGS has been prepared in accordance with proper practices specified by the Accounts and Audit Regulations 2015. Following a review of the arrangements which together comprise our system of internal control, the AGS supports the opinion that, overall, key systems are operating soundly, and that there are no fundamental control weaknesses.
- The AGS was published in draft on 6th July 2020 to accompany the Statement of Accounts when put on deposit.
- The AGS may be updated before final publication to reflect any significant variation in our arrangements, or in the opinion of internal audit or the external auditors. The final AGS will be returned to this Committee for approval prior to publication.

2. Best Council Plan Implications (see the [latest version of the Best Council Plan](#))

- The AGS reflects the Council's ambitions, values and the Best Council Plan, together with the systems and processes in place to facilitate the effective exercise of its functions and the achievement of its aims and objectives; ensure the financial and operational management of the authority is effective; and include effective arrangements for the management of risk.

3. Resource Implications

- As above

Recommendations

- a) Corporate Governance and Audit Committee are requested to note the Interim Annual Governance Statement.

1. Purpose of this report

- 1.1 This report presents the interim Annual Governance Statement (AGS), prepared in accordance with the Regulations.

2. Background information

- 2.1 The Regulations require authorities to conduct a review of the effectiveness of its systems of internal control in accordance with 'proper practices' as set out in CIPFA/SOLACE - Delivering Good Governance in Local Government: Framework (2016 Edition).

3. Main issues

- 3.1 The AGS has been prepared following the ongoing review of effectiveness of the Council's system of internal control.
- 3.2 Assurance has been drawn, inter-alia, from reports received and considered by Executive Board and this Committee, as well as appropriate enquiries of officers with relevant knowledge and experience in relation to the assurance sought. Sources of assurance are detailed throughout the AGS.
- 3.3 The AGS has been published as an interim statement, reflecting the possibility that amendments may be required prior to approval by the Committee of the AGS for 2020. Such amendments may arise from
 - representations made by a member of the public;
 - comments arising from the external auditor's review of the interim statement; or,
 - significant developments in relation to the assurances set out.
- 3.4 The interim statement reflects the way in which the Council's internal control systems and processes have responded to, or been amended as a result of the ongoing COVID-19 pandemic, and the Council's emergency response and recovery arrangements. However, particularly in the light of the impact of the pandemic on the Council's resources, it may be necessary to further update or amend the AGS prior to final approval.
- 3.5 Such amendments as are necessary will be brought to the attention of the Committee prior to final approval being sought.
- 3.6 Members will note that Annex 2 sets out a record of the key actions proposed in the interim statement, and provides for each details of the accountable Director and lead officer. It is intended that a clear plan for achieving these key actions will be developed in conjunction with these lead officers, enabling regular update reports to the committee recording progress against these key actions.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The interim AGS, and the key actions proposed for 2020, have been the subject of consultation with the Corporate Leadership Team and the Best Council Leadership Team.
- 4.1.2 Lead officers identified in annex 2 to the AGS have been consulted, and confirmed that they are content with the key actions proposed.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 Assurance in relation to the presence and monitoring of appropriate systems of internal control in relation to equality and diversity / cohesion and integration are set out in the AGS.

4.3 Council policies and the Best Council Plan

- 4.3.1 The AGS reflects the Council's ambitions, values and the Best Council Plan, together with the systems and processes in place to facilitate the effective exercise of its functions and the achievement of its aims and objectives; ensure the financial and operational management of the authority is effective; and include effective arrangements for the management of risk.

Climate Emergency

- 4.3.2 The Council's declaration of the climate emergency and the systems of internal control adopted in light of this declaration are set out in the AGS.

4.4 Resources, procurement and value for money

- 4.4.1 Assurance in relation to the presence and monitoring of appropriate systems of internal control in relation to resources are set out in the AGS.

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

- 4.5.1 Regulation 6 of the Accounts and Audit Regulations 2015 require that each financial year the authority conducts a review of the effectiveness of its system of internal control, and prepares an annual governance statement.
- 4.5.2 The regulations also require that the council prepares a statement of accounts, which must be published for a period of exercise of public rights prior to final approval. Regulation 15 requires that the AGS is published alongside the statement of accounts for this period.
- 4.5.3 The regulations also require that the AGS is considered and approved by members of the authority. In Leeds this role is delegated to Corporate Governance and Audit Committee.
- 4.5.4 The usual timetable for publication and approval of accounts set out in the Regulations, was amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020/404. The period for exercise of public rights must commence by the first day of September 2020, and the approved accounts and AGS must be published by 30th November 2020.

4.6 Risk management

- 4.6.1 The AGS sets out assurances received throughout the year that the Council has in place robust systems and processes to identify and monitor risk.

5. Recommendations

- 5.1 Corporate Governance and Audit Committee are requested to note the Interim Annual Governance Statement.

6. Background documents¹

- 6.1 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.



Interim Annual Governance Statement 2020

**Approved by
Corporate Governance and Audit Committee**

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A. INTRODUCTION

1. Leeds City Council is obliged to ensure it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.
2. Good governance is about running things properly and 'doing the right thing in the right way'. It is the means by which we show we are taking decisions for the good of the people of the area, in a fair, equitable and open way. It includes how we do things, including our values and standards of behaviour that support good decision making - collective and individual integrity, openness and honesty. Good governance is the foundation for the delivery of good quality services that meet all local people's needs. It is also fundamental to showing public money is well spent as well as maintaining credibility and public trust. Without good governance we will not achieve our ambitions to improve services and outcomes for local people.
3. We have conducted a review of the arrangements which together comprise our system of internal control. From this review, based on assessment and on-going monitoring work undertaken and supported by the work of Internal Audit, we have reached the opinion that, overall, key systems are operating soundly, and that there are no fundamental control weaknesses. This does not necessarily mean agreeing with all decisions made, but ensuring appropriate process, transparency and democratic oversight in decision making.
4. Where improvements have been identified, actions are in place. This Annual Governance Statement, which relates to the period between July 2019 and June 2020, reports on progress made in relation to 29 key actions identified in the 2019 Annual Governance Statement¹, and sets out a further 20 key actions for the coming year².

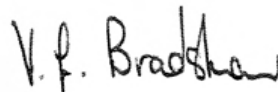
¹ Annex 1 sets out a summary of how the council has responded to the key actions documented in the Annual Governance Statement 2019.

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

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



Tom Riordan
Chief Executive
& Head of Paid Service



Victoria Bradshaw
Chief Officer Financial Services
& Section 151 Officer



Catherine Witham
City Solicitor
& Monitoring Officer

B. CONTEXT

B.1 The City

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

B.2 Challenges and Opportunities

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

The Covid-19 Pandemic

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

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

2020 Key Action

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

Financial Health

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

Devolution and Northern Powerhouse

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

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

2020 Key Action

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

The UK's exit from the European Union

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

Climate Emergency

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

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

B.3 Our Relationships

Our Councillors

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

2019 Key Action:

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

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

Key Action 2019:

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

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

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

Our Workforce

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

2020 Key Action:

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

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

Key Action 2019:

To sustain our Apprenticeship approach we will:

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

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

Key Action 2019:

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

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

Our Customers

Consultation and Engagement

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

Voice of the Customer

Key Action 2019:

We will continue to address challenges in respect of:

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

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

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

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

2020 Key Action:

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

Working with Communities

Equality, Diversity and Inclusion

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

Deputations

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

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

In practice:-

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

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

Community Committees

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

In practice:-

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

Consultation and Engagement

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

In practice

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

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

Our partners

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

In practice:

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

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

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

In practice:

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

Monitoring and review of partnership arrangements

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

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

Key Action 2019:

Our Executive Board will review the arrangements in the autumn.

40. At its January meeting Executive Board received

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

Our influence

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

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

43. Examples include:

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

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

In practice:-

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

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

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

2019 Key Action:

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

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

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

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

C. ACHIEVING OUR AIMS AND OBJECTIVES

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

C.1 Our Best Council Plan

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

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

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

2020 Key Action:

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

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

In practice:

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

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

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

In practice:

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

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

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

In practice:-

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

C.2 Monitoring our achievements

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

In practice:

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

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

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

2019 Key Action

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

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

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

D. OUR GOVERNANCE FRAMEWORK

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

D.1 Corporate Governance

2. The Council's Corporate Governance Code and Framework³ reflects the principles and sub-principles of the 'Delivering Good Governance in Local Government: Framework' (CIPFA, 2016).
3. The Code is shaped around our seven Principles of Corporate Governance.

Principles of Corporate Governance

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

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

D.2 Ethical Governance

Values

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

Leeds City Council Values

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

Treating people fairly - It feels like I count

Spending money wisely - I make every pound go further

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

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

³ Part 5j of the Constitution

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

Standards of Conduct

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

Receipt of gifts and hospitality

14. In particular the Council has clear arrangements for declaration of interests and registering of gifts and hospitality offered and received.
15. The Council's Employee Code of Conduct⁴ is a key document within the ethical framework. Outcomes of monitoring and review of the Code, and supporting policies and procedures (including arrangements for receipt of gifts and hospitality), are detailed in the Chief Officer Human Resources' annual assurance report to Corporate Governance and Audit Committee.

2019 Key Action

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

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

2019 Key Action

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

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

⁴ Part 5b of the Council's Constitution

2020 Key Action:

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

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

Monitoring and review of arrangements

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

Key Action 2019:

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

22. The Annual Report of Standards and Conduct Committee, sets out details of progress since the Committee on Standards in Public Life (CSPL) published its review.
23. The Ministry of Housing Communities and Local Government has been engaging with a small number of local authority Monitoring Officers (Leeds included) to consider how to implement the CSPL recommendations. However, given the recent constraints on parliamentary time little progress has been made.
24. The Local Government Association is undertaking a consultation exercise on the content of a new draft Members' Code of Conduct.

2020 Key Action:

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

D.3 Information Governance

25. We take information governance very seriously, working continuously to improve the management and security of our information, and recognising the need to protect our information assets from accidental and malicious loss or damage.
26. In line with the manual for Caldicott Guardians produced by the Caldicott Guardian Council the arrangements for Caldicott Guardian functions in Leeds form part of the broader information governance function.

Key Action 2019:

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

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

2020 Key Action:

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

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

Key Action 2019:

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

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

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

2020 Key Action:

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

E. HOW OUR FUNCTIONS ARE EXERCISED

E.1 Executive Arrangements

1. We operate strong leader and cabinet style executive arrangements. Functions are exercised by Council or Executive in accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended⁵.
2. Members are able to exercise their democratic mandate through direct decision making by full council, Executive Board and their respective committees; through executive oversight of officer decision making; or through formal overview and scrutiny arrangements. This is supported by clear procedures and appropriate corporate and directorate practice.
3. The Leader sets out her Executive Arrangements, detailing the delegation of executive functions to committees and Directors⁶, together with arrangements for executive political oversight and accountability. Arrangements enable officers to take delegated decisions in relation to any executive function within their remit, save where the leader or the relevant portfolio holder has directed or the director considers that the matter should be referred to Executive Board for consideration. In this way arrangements ensure that the Executive Board is able to consider, influence and determine matters of significant impact to the council or the city.

In practice:-

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

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

4. The Annual Council Meeting appoints council committees and establishes their terms of reference; approves delegation of Council functions to Directors and receives notice of the Leader's executive arrangements. The Council did not hold an annual meeting⁷ in 2020, however decisions were published by the Leader and City Solicitor confirming respectively that the Executive Arrangements, and Council appointments and delegations would remain as set

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

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

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

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

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

In practice:-

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

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

E.2 Committee Structure

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

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

E.3 Management Structure

14. The Council's management structure is set out at Article 12 of the constitution. The structure reflects the division of the council's officer corps into five directorates. The Article also lists each officer who derives delegated responsibility from Council or the executive under the officer delegation scheme⁸
15. The Article also sets out the appointment of Statutory Officers, provides clarity as to their functions and confirms the council's commitment to providing officers, accommodation and other resources as are necessary to fulfil their duties.
16. The Monitoring Officer Protocol and the Chief Finance Officer Protocol⁹ provide further detail as to how these roles will be exercised. In March 2020 Standards and Conduct Committee and Corporate Governance and Audit Committee respectively received assurance that the Monitoring Officer Protocol and the Chief Finance Officer Protocol are up to date and fit for purpose.
17. The officer delegation scheme sets out functions delegated to each of the Directors by Council (council functions) or the Leader (executive functions).
18. In turn, each Director approves a sub-delegation scheme setting out authority for officers of suitable experience and seniority to discharge their functions.
19. There have been a number of key personnel changes through the year¹⁰ Where necessary new Directors have approved a sub-delegation scheme in their own name. Induction arrangements include tailored introductions to the council's structure and decision making arrangements for officers who are new to the Council or to a senior leadership role.

E.4 Decision Making Framework

20. The decision making framework provides clear and transparent arrangements for the discharge of functions by the Council and Executive.
21. In accordance with legislation Council approves the budget and core policy documents. The Budget and Policy Framework Procedure Rules set out the mechanism which enables stakeholder engagement; public consultation; scrutiny oversight and executive consideration prior to approval by full Council.
22. Executive decisions are taken in accordance with Article 13: Decision Making, and the Executive and Decision Making Procedure Rules¹¹. Together these provide a framework in which decisions are categorised by both value and impact on the communities living and working in the area.

⁸ the Chief Executive, the Directors, the Chief Finance Officer, the City Solicitor, and the Chief Planning Officer

⁹ Parts 5e and 5k of the Constitution respectively

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

¹¹ In Part 4 of the Council's Constitution

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

Key Action 2019:

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

24. In June 2020, Corporate Governance and Audit Committee received the City Solicitor's Annual Assurance Report on executive decision making, confirming that decision making arrangements are up to date, fit for purpose, embedded and routinely complied with. The report detailed work undertaken to communicate the amended thresholds for key and significant operational decisions; and provided assurance that officers meet legislative and constitutional requirements in respect of prior publicity and recording of executive decision making.
25. The report detailed how practice and procedure was adapted to meet the quantity and pace of decisions taken during the Coronavirus pandemic, providing assurance that although systems and processes were adapted to enable agile decision making they remained consistent with legislation and the constitution. In addition the report provided assurance that those decisions taken at the start of the emergency response period, before these arrangements had been put in place, received retrospective endorsement at the first formal remote meeting of Executive Board on 22nd April 2020. The report also confirmed the key role undertaken by Scrutiny Chairs in providing oversight of decisions taken, and regular review of the arrangements to ensure that they remained necessary and appropriate.

E.5 Effectiveness of Governance Framework

26. Corporate Governance and Audit Committee receive regular reports providing assurance that governance arrangements in place across the authority are up to date and fit for purpose; communicated and embedded; and routinely applied. Reports are the subject of robust consideration and challenge and where necessary further information or assurance is sought.
27. Annual reports set out assurances in relation to arrangements for executive decision making, regulation of investigatory powers, licensing and planning.

2019 Key Action:

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

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

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

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

2020 Key Action:

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

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

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

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

F.1 The financial landscape

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

Key Action 2019:

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

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

F.2 Our arrangements for financial control

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

Key Action 2019:

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

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

Our financial strategies

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

Setting our budget

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

In practice:-

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

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

F.3 Monitoring our performance

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

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

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

In practice:-

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

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

22. Similarly Executive Board receives regular update reports on the council's treasury management strategy and the capital programme and current and anticipated capital receipts and has given approval for disposals of key sites which will make significant capital receipts contributions over forthcoming years, such disposals being aligned to support the Medium Term Financial Strategy.
23. The council's draft statement of accounts and narrative report will be published for consultation in line with national deadlines¹² alongside the Annual Governance Statement for 2020.
24. The Corporate Governance and Audit Committee approves the Council's final statement of accounts following consultation and on receipt of the external auditor's opinion. The approved accounts are published alongside the final Annual Governance Statement.

F.4 Reviewing our arrangements

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

2020 Key Action:

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

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

¹² As amended by the the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

2020 Key Action:

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

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

2020 Key Action:

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

F.5 Value for money

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

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

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

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

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

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

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

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

Key Action 2019:

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

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

F.6 Procurement

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

2020 Key Action:

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

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

Key Action 2019:-

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

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

Key Action 2019 –

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

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

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

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

2020 Key Action:

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

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

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

G. HOW WE ENSURE POLITICAL OVERSIGHT AND ACCOUNTABILITY

G.1 The Executive

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

In practice:-

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

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

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

In practice:-

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

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

G.2 Overview and Scrutiny

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

Key Action 2019:–

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

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

2020 Key Action:

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

2020 Key Action:

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

G.3 Corporate Governance and Audit Committee

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

Key Action 2019:

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

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

2020 Key Action:

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

G.4 Full Council

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

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

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

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

2020 Key action:

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

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

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

H. HOW WE MANAGE AUDIT AND RISK

H.1 Risk Management

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

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

Key Action 2019:

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

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

H.2 Internal Audit

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

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

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

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

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

In practice:

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

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

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

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

Work undertaken under the 2019/20 audit plan

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

Key Action 2019:

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

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

Key Action 2019:

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

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

Key Action 2019:

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

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

Key Action 2019:

Internal Audit Plan will review our governance arrangements for partnerships

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

2020 Key Action:

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

Whistleblowing, Counter fraud and Anti-Corruption arrangements

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

In practice:

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

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

Regulation of Investigatory Powers Act 2000 (RIPA)

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

I. EXTERNAL OVERSIGHT

I.1 External Audit

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

In practice

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

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

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

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

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

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

Housing Benefits Subsidy Grant Claim

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

I.2 External Inspection and Oversight

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

In practice:

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

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

2019 Key Action:

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

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

Key Action 2019:

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

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

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

I.3 Ombudsman

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

In Practice:

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

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

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

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ANNEX 1 - KEY ACTIONS 2019

Key Action	Context in 2020 AGS	Progress	Assurance	Lead Officer
Key Action: that arrangements for Directors' acceptance of offers of gifts and hospitality be reviewed to ensure there is third party oversight of offers prior to these being accepted.	Our Governance Framework - Ethical Governance	The review has been completed and the gifts and hospitality policy has been amended.	CGA – matters arising July	Chief Officer Human Resources
Key Action: that a process be introduced whereby the annual review of gifts and hospitality requires 'nil returns' to be submitted.	Our Governance Framework - Ethical Governance	A new process requiring employees in "high risk posts" to make a positive declaration regarding compliance with the gifts and hospitality policy has been agreed.	CGA - matters arising July	Chief Officer Human Resources
Key Action: Our Internal Audit Plan for 2019/20 includes work to sample check HR policies to provide assurance as to the extent to which they are consistently and properly applied across the council.	How we manage audit and risk - Internal Audit	Internal Audit Reports received throughout the year have reported outcomes of audits in relation to:- recruitment check, gifts and hospitality Register of Interests	CGA - various	Head of Internal Audit
Key Action: We will further review our ethical framework arrangements in light of any future legislative change or statutory guidance issued by Government or the Local Government Association.	Our Governance Framework - Ethical Governance	MHCLG engaging with Monitoring Officer as part of small group to formulate steps to implement COSIPL recommendations. Little progress given constraints on parliamentary time. LGA have developed draft Members' Code of Conduct for consultation.	Annual report of S&CC	City Solicitor
Key Action: We will actively pursue the appointment of an Independent Member to the Corporate Governance and Audit Committee in the 2019/20 Municipal Year.	How we ensure Oversight and accountability – Corporate Governance and Audit Committee	Role description and person specification developed; applications invited and one received; decision to undertake wider search to ensure diverse and independent field.	Annual report of CGA	City Solicitor

Key Action	Context in 2020 AGS	Progress	Assurance	Lead Officer
Key Action: We will progress the 15 Actions identified in our Annual Standards Report.	How we ensure Effective financial management – value for money	Development of Attendance, Attainment and Achievement Strategy Report on exclusions, elective home education and off-rolling	Exec Board July 19 & Sept 19	Director of Children and Families
Key Action: We will produce a performance report in September 2019 to review our progress in delivering the Best Council Plan during 2018/19.	Achieving our Aims and objectives – monitoring our achievements	Annual report shared with Executive Board and CGAC for consideration.	Exec Board Sept 19 & CGA Nov 19	Chief Officer Strategy and Policy
Key Action - During 2019/20 Internal Audit will review and follow up the arrangements in place for the approval and management of waivers and report the outcome of their work to the Corporate Governance and Audit Committee.	How we manage audit and risk – Internal Audit	Follow up audit supports a finding of good assurance. Contracts Procedure Rules refreshed and supplemented with further guidance outlining legal and regulatory framework.	CGA – June 2020	Head of Internal Audit
The committee will also review the implementation of the new Procurement Strategy through the Annual Procurement Assurance Report from the Chief Officer (Financial Services).	How we ensure Effective financial and operational control and value for money - procurement	Progress made in respect of value for money, governance, social value, commercialisation, and strategic suppliers since adoption of the Procurement Strategy in June 2019	CGA – June 2020	Chief Officer Financial Services
Key Action - After the strategy has been operational for a year, further baseline figures will be considered for introduction into KPIs in order to monitor performance.	How we ensure Effective financial and operational control and value for money - procurement	Performance monitoring has taken place for waivers, non and off-contract spend, and expenditure with local suppliers and SME's. Work is being undertaken to develop a Leeds specific set of themes, outcomes and measures in relation to social value in procurement.	CGA – June 2020	Chief Officer Financial Services
Key Action: In 2019 we are seeking to accredit to “Disability Confident Leader” which is level 3 of the Disability Confident Employer framework (LCC is currently accredited at level 2)	Context - Our relationships – Our workforce	Council awarded Disability Confident Leader in October 2019	Executive Board consultative meeting March 2020	Chief Officer Human Resources

Key Action	Context in 2020 AGS	Progress	Assurance	Lead Officer
Key Action: Internal Audit will review assurance arrangements relating to Community Cohesion and report their findings to the Corporate Governance and Audit Committee as part of the delivery of the Audit Plan.	How we manage audit and risk – internal audit	Internal audit review of the community cohesion arrangements is ongoing. The initial review has not indicated that any major adverse findings or issues will be identified	CGA – June 2020	Head of Internal Audit
Key Action: We will continue to address challenges in respect of: • telephone waiting times; • transitioning to digital channels, by ensuring training and support is provided as a priority in order that service users are not disenfranchised from the services they need to access.	Context - Our relationships –Our customers	There has been successful work to reduce call waiting times on housing lines but need for further improvement on council tax and housing benefit lines. Significant work-streams support the transition to digital channels including staff training and customer support.	CGA – January 2020	Chief Officer Customer Access and Welfare
Key Action: We will ensure that we continually review the financial landscape in order to alleviate the uncertainty and challenge to the delivery of our ambitions and our financial planning.	How we ensure effective financial and operational control and value for money – financial landscape	Annual audit letter recognises arrangements to routinely monitor and mitigate variances.	Exec Board CGA March 2020	Chief Officer Financial Services
Key Action: The financial management arrangements will continue to be kept under review during the year.	How we ensure effective financial and operational control and value for money – arrangements for financial control	Framework of financial control reviewed; fit for purpose; up to date; embedded and regularly complied with.	CGA March 2020	Chief Officer Financial Services
Key Action: That a combined Annual Information Governance Assurance report be prepared that includes oversight of the Caldicott Guardian role and that in the interim Caldicott governance arrangements benefit from a peer review by organisations with the same responsibilities.	Our governance framework – information governance	CGA noted that following benchmarking in relation to Caldicott Guardian functions work has already taken place to learn and share best practice with a local authority; and that there are plans to undertake similar work with one of the core cities known to be 'standards exceeding' in the coming year	CGA March 2020	Director of Resources and Housing / Director of Adults and Health

Key Action	Context in 2020 AGS	Progress	Assurance	Lead Officer
Key Action: Our Corporate Governance and Audit Committee will regularly review plans to deal with outstanding and emerging issues relating to PSN Certification.	Our governance framework – information governance	Through regular oversight Corporate Governance and Audit Committee has - ensured appropriate escalation of concerns; - noted enhanced arrangements for governance of the project put in place in January 2020; - received assurance that Access 2003 runtime will be switched off on 30th June 2020; - noted the project plan and governance arrangements in place to ensure that the Council has ceased use of Access 2010 by 30th June 2021.	CGA	Director of Resources and Housing
Key Action – we will review the Guidance for Scrutiny issued by Government in May 2019 and report to Members any implications or proposals for change.	How we ensure oversight and accountability – overview and scrutiny	Monitored implementation of amended Scrutiny Board Procedure Rules	Annual Report of Scrutiny Boards – July Council	City Solicitor
Key Action: Internal Audit Plan will review our governance arrangements for partnerships	How we manage audit and risk – internal audit	Internal audit included in review of arrangements and development of checklist. To review in practice when embedded for twelve month.	CGA	Head of Internal Audit
Key Action: We will aim to develop guidance to help ensure there is a consistent and effective approach across the authority for managing risk with partners.	How we manage audit and risk – risk management	Governance & risk checklist approved by CLT in Jan 2020. DLTs now engaged to assist with identification of relevant thresholds.	CGA June	Chief Officer Strategy and Policy / Chief Officer Financial Services

Key Action	Context in 2020 AGS	Progress	Assurance	Lead Officer
Key Action: Further work will be undertaken to extend the Inclusive Anchors programme beyond the largely publicly funded anchors to private sector businesses and exploring the development of an inclusive business charter for SME businesses with a particular focus on encouraging more employers to pay the Living Wage as promoted by the Living Wage Foundation.	Context - Our relationships – Our influence	The Leeds Inclusive Anchors Network now comprises 11 organisations with over 57,000 employees, one in seven of the Leeds' workforce, and an annual expenditure in excess of £2 billion per year. 10 of the Anchors are Living Wage employers with one which seeks to move towards this.	Executive Board Consultative March 2020	Chief Officer Human Resources
Key Action: Our Executive Board will review the arrangements in the autumn.	Context - Our relationships – our partners	•The Safeguarding Partnership continues to be ambitious and sets high expectations of its partners; •Strong leadership has improved the safeguarding culture and practice within Leeds; •Leeds has developed a robust response to the exploitation of children and young people by developing safeguarding structures in respect of those at risk of or experiencing exploitation; •the LSCP ensures that it seeks assurance on any issues that emerge during the year either locally or nationally ensuring that there is no complacency across the system in Leeds	Exec Board Jan 2020	Director of Children's Services / Director of Adults and Health
Key Action: The arrangements whereby, Members may refer applications to Plans Panel for determination and the governance arrangements for Enforcement will both be reviewed by our Corporate Governance and Audit Committee	How our functions are exercised – effectiveness of governance framework	Officers have developed guidance for all councillors in relation to referrals and material considerations.	CGA November	Chief Planning Officer

Key Action	Context in 2020 AGS	Progress	Assurance	Lead Officer
Key Action: The implementation of our new decision making will be effectively communicated with arrangements monitored during the year and reported back to the Corporate Governance and Audit Committee	How our functions are exercised – decision making framework	Arrangements have been communicated and implemented and are being routinely monitored.	CGA June	City Solicitor
Key Action: Our Member Development Strategy will be reviewed during 2019/20	Context - Our relationships – our councillors	Induction programme has been reviewed with engagement from recent cohorts. Member Development Programme reviewed through Member Development and ICT working group.	MD&ICT working group & MMC	City Solicitor
Key Action: To sustain our Apprenticeship approach we will: Improve identification and forecasting through work-force planning, setting out where our future Apprentices will come from. Look at how we use opportunities to support priority groups to access work with us – especially with entry level Apprenticeships. Ensure that meeting the target also reconciles with the resources we have via the Levy.	Context - Our relationships – our workforce	The Apprenticeship programme within the Council continues to grow, with now over 600 live apprentices. We continue to monitor the levy spend to ensure we are making effective use of the fund.	Executive Board Consultative March 2020	Chief Officer Human Resources
Key Action: We will keep the arrangements for Member Safety under review during the year through our Member Management Committee.	Context - Our relationships – our Councillors	Member Safety Task Group established by Member Management Committee – details of remit reported to Standards and Conduct Committee.	Member Safety Task Group & Standards and Conduct annual report	City Solicitor

Key Action	Context in 2020 AGS	Progress	Assurance	Lead Officer
Key Action: We will deliver an action plan with our partners to address areas of improvement highlighted by the CQC in their review of health and social care services in Leeds.	External oversight – External Inspection and Oversight	Of the 36 actions identified in the plan, 27 were rated as green (progress matches the objective); 9 as amber (in progress); and none rated as red (insufficient or no progress.)	Scrutiny Board (Adults Health and Active Lifestyles) Oct 2019; March 2020	Director of Adults and Health
Key Action. We will, through the delivery of our Service Improvement Plan, build on the city's recent progress and seek to continually improve services for children and families in the city. Our plan sets out how we will achieve these ambitions.	External oversight – External Inspection and Oversight	The SIP actions/outcomes are monitored by the Children and Families Improvement team and reported to the Children and Families Leadership meetings.	Children and Families Leadership Team	Director of Children and Families

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ANNEX 2 - KEY ACTIONS 2020

	Key Action	Context in 2020 AGS	Directorate	Lead Officer
1	Our Corporate Governance and Audit Committee will seek robust assurance that our systems of internal control have met the demands of the emergency response to Covid -19; and that where issues have been identified action has been taken to remedy these.	Context – Challenges and Opportunities	Resources and Housing	Head of Internal Audit
2	We will work within the statutory framework with the Constituent Councils in pursuance of the “minded-to” Deal for devolution in West Yorkshire.	Context – Challenges and Opportunities	Resources and Housing	Chief Executive / Chief Officer Strategy and Policy
3	We will develop detailed timelines and milestones for our People Strategy priorities and will monitor and review progress against them.	Context – Our Relationships – Our Workforce	Resources and Housing	Chief Officer (Human Resources)
4	We will continue to monitor arrangements for customer contact and satisfaction and will make improvements where necessary to deliver a consistent experience for our customers.	Context – Our Relationships – Our Customers - Voice of the Customer	Communities and Environment	Chief Officer Customer Access and Welfare
5	We will review the Best Council Plan and key underpinning Best Council Strategies in the light of the longer-term implications of Covid-19.	Achieving Our Aims and Objectives – Our Best Council Plan	Resources and Housing	Chief Officer Strategy and Policy
6	We will monitor the arrangements for offer and acceptance of gifts and hospitality by Directors and those in ‘high risk posts’; and positive declarations regarding compliance with the gifts and hospitality policy.	Our governance Framework – Ethical Governance – Receipt of Gifts and Hospitality	Resources and Housing	Chief Officer Human Resources
7	We will continue to engage with the Ministry of Housing Communities and Local Government and the Local Government Association in developing the ethical framework in response to the recommendations of the Committee on Standards in Public Life.	Our governance Framework – Ethical Governance – Monitoring and Review of Arrangements	Resources and Housing	City Solicitor / Head of Democratic Services

	Key Action	Context in 2020 AGS	Directorate	Lead Officer
8	We will continue to use benchmarking to measure our performance in relation to Caldicott Guardian functions and to identify, and learn from best practice	Our Governance Framework – Information Governance	Adults and Health / Resources and Housing	Director of Adults and Health / Deputy Director Social Work and SC Service / Head of Information Management and Governance
9	Our Corporate Governance and Audit Committee will regularly review plans to deal with outstanding and emerging issues relating to PSN Certification, including the Access project.	Our Governance Framework – Information Governance	Resources and Housing	Director Resources and Housing / Head of Information Management and Governance
10	Corporate Governance and Audit Committee will continue to seek assurance in relation to arrangements for enforcement in relation to breach of planning control.	How Our Functions are Exercised – Effectiveness of Governance Framework	City Development	Chief Planning Officer
11	We will review our practice against detailed guidance underpinning the CIPFA Financial Management Code 2019.	How We Ensure Effective Financial and Operational Control and Value for Money – Reviewing Our Arrangements	Resources and Housing	Chief Officer Financial Services
12	We will complete and implement a review of the financial service to ensure that it remains a highly effective and responsive function offering value for money.	How We Ensure Effective Financial and Operational Control and Value for Money – Reviewing Our Arrangements	Resources and Housing	Chief Officer Financial Services
13	We will review our core systems and processes with a view to ensuring that they are up to date and fit for purpose and meet the needs of an efficient, enterprising and healthy organisation.	How We Ensure Effective Financial and Operational Control and Value for Money – Reviewing Our Arrangements	Resources and Housing	Chief Officer Financial Services
14	We will undertake training to further promote the importance of compliance with Contracts Procedure Rules and will strengthen the close working between directorates and PACS that will ensure waivers are limited to exceptional circumstances.	How We Ensure Effective Financial and Operational Control and Value for Money – Procurement	Resources and Housing	Chief Officer Financial Services

	Key Action	Context in 2020 AGS	Directorate	Lead Officer
15	We will measure and collate key performance indicators to ensure that social value outcomes are achieved through our procurement practice.	How We Ensure Effective Financial and Operational Control and Value for Money – Procurement	Resources and Housing	Chief Officer Financial Services
16	We will review how Leeds' approach in developing and monitoring the Best Council Plan compares with that of other core cities.	How We Ensure Political Oversight and Accountability – Overview and Scrutiny	Resources and Housing	Chief Officer Strategy and Policy
17	We will review the key performance indicators relating to inclusive growth and development of housing mix and will add additional meaningful KPIs as required to the Best Council Plan	How We Ensure Political Oversight and Accountability – Overview and Scrutiny	Resources and Housing	Chief Officer Strategy and Policy
18	We will continue to pursue actively the appointment of an Independent Member to the Corporate Governance and Audit Committee in the 2020/21 Municipal Year	How We Ensure Political Oversight and Accountability – Corporate Governance and Audit Committee	Resources and Housing	Director of Resources and Housing / Head of Internal Audit
19	We will include the identification of areas for future work in our Committees' annual reports to Council.	How We Ensure Political Oversight and Accountability – Full Council	City Development / Communities and Environment / Resources and Housing	Chief Planning Officer / Chief Officer Communities / Chief Officer Elections and Regulatory / Head of Democratic Services / Head of Internal Audit
20	We will monitor and review the process we have implemented to ensure consistent emphasis on delivery of planned savings throughout the lifecycle of invest to save initiatives.	How We Manage Audit and Risk – Internal Audit	Resources and Housing	Chief Officer Financial Services

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Report of City Solicitor

Report to Corporate Governance and Audit Committee

Date: 27th July 2020

Subject: Work Programme

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:		

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 – WORK PROGRAMME 2020-21

Date		Agenda	Purpose
10:00am Monday 21 st Sept 2020 (An informal Working Group Meeting will take place at 10:00 a.m. on Monday 7 th September)	1	Internal audit update report	To receive the update report from the Head of Internal Audit. This is a regular item
	2	Annual assurance report on planning regulation and enforcement arrangements	To receive the annual assurance report concerning the Council's arrangements in relation planning regulation and enforcement
	3	Annual assurance report on employment policies and procedures and employee conduct	To receive the annual assurance report relating to governance arrangements for employment policy and procedure and employee conduct.
	4	Applications Portfolio Programme – Update on Access Project	To receive an update report in relation to progress on the access project.
10:00am Friday 16 th October 2020	1	Internal audit annual report and opinion	To receive the report setting out the annual audit report and opinion of the Head of Internal Audit. To receive assurance in relation to the arrangements for RIPA.
	2	Audited accounts & audit report	To receive the audit report of the external auditor
	3	Annual Governance Statement	To receive and approve the Annual Governance Statement.
Nov			
10:00am Monday 14 th Dec 2020 (An informal Working Group Meeting will take place at 10:00 a.m. on Monday 30 th November)	1	Annual Audit letter and External Audit update report	To receive the annual audit letter and an update report from the external auditor. This is a regular item
	2	Internal audit update report	To receive the update report from the Head of Internal Audit. This is a regular item
	4	Annual assurance report on corporate business continuity arrangements	To receive the annual assurance report concerning the Council's business continuity arrangements.

Date		Agenda	Purpose
	5	Annual assurance report on corporate performance management arrangements	To receive the annual assurance report concerning the Council's performance management arrangements.
	6	Applications Portfolio Programme – Update on Access Project	To receive an update report in relation to progress on the access project.
Jan			
10:00am Monday 8 th Feb 2020 (An informal Working Group Meeting will take place at 10:00 a.m. on Monday 25 th January)	1	External audit plan and update report	To receive the proposed external audit plan and update report from the external auditor.
	2	Internal audit update report	To receive the update report from the Head of Internal Audit. To receive an update on the operation of RIPA arrangements. This is a regular item
	3	Annual customer contact and satisfaction report	To receive the annual assurance report concerning customer contact and satisfaction
	4	Annual information governance assurance report	To receive the annual assurance report on the council's information governance arrangements, including arrangements for discharge of the Caldicott guardian role
	5	Applications Portfolio Programme – Update on Access Project	To receive an update report in relation to progress on the access project.
10:00am Monday 15 th Mar 2020 (An informal Working Group Meeting will take place at 10:00 a.m. on Monday 1 st March)	1	External Audit update report	To receive the update report from the external auditor. This is a regular item
	2	Internal audit plan	To receive the annual report seeking views on the proposed internal audit plan
	3	Annual financial management report	To receive the annual assurance report concerning financial planning and management arrangements at the council
	4	Annual treasury management report	To receive the annual assurance report on treasury management systems and processes

Date		Agenda	Purpose
	5	Applications Portfolio Programme – Update on Access Project	To receive an update report in relation to progress on the access project.
	6	Draft Annual report of Committee to Council.	To receive a proposed draft annual report from the committee for presentation by the Chair at Full Council
Apr			

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