



# ANNUAL GOVERNANCE STATEMENT

## 2024

**Approved by**  
**Corporate Governance and Audit Committee**  
February 2025

## 1 - INTRODUCTION AND ASSURANCE STATEMENT

Leeds City Council is obliged<sup>1</sup> 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.

We have conducted a review of the effectiveness of our system of internal control<sup>2</sup>. The review reflects on the formal reporting to council and executive committees; enquiries made of officers with relevant specialist knowledge, experience, and expertise, and officers with operational control; in addition to independent assurance provided. The review has been undertaken in consultation with the council's Head of Paid Services, Monitoring Officer, and Chief Finance Officer.

We confirm, to the best of our knowledge and belief, and there having been appropriate enquires made, that this Annual Governance Statement (AGS) provides an accurate and fair view.

We are satisfied that in the accounting period 1st April 2023 to 31st March 2024, our framework of internal control has continued in place up to the date of approval of this AGS. We have concluded that, overall, key systems are operating soundly, and that there are no fundamental control weaknesses<sup>3</sup>. We are satisfied that where improvements have been identified, actions are in place with appropriate arrangements to monitor them.

		
<b>Victoria Bradshaw</b>	<b>Cllr M France-Mir</b>	<b>Cllr J Lewis</b>
Interim Assistant Chief Executive (Finance, Traded and Resources) & Section 151 Officer	Chair Corporate Governance and Audit Committee	Leader of Council

<sup>1</sup> Regulation 3 of the Accounts and Audit Regulations (2015)

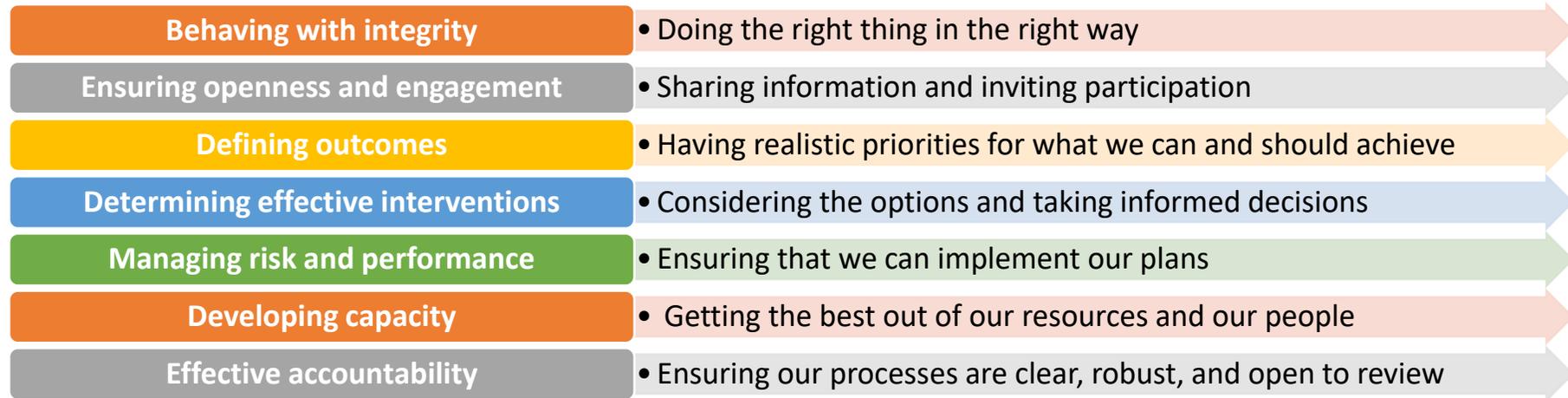
<sup>2</sup> Undertaken in accordance with Regulation 6 of the Accounts and Audit Regulations (2015), and proper practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016)

<sup>3</sup> Whilst support in Council's arrangements for risk management, the governance framework cannot eliminate all risk to the achievement of policies, aims and objectives, and we note that this review can therefore only provide reasonable and not absolute assurance of effectiveness.

## 2 - OUR GOVERNANCE FRAMEWORK

Our governance arrangements seek to ensure that our resources are used to achieve our Ambition through defined outcomes for the citizens and communities in Leeds. Our Local [Code of Corporate Governance](#) is framed around values and behaviours, and seven good governance principles (reflecting the principles of good governance set out in CIPFA: Delivering Good Governance in Local Government / 2016 Edition)

Our governance framework is built around our seven governance principles<sup>4</sup>.



These governance principles are supported by commitments which enable us to direct and control our activity to achieve our Best City Ambition and commitments in our organisational plan. They bring together the systems, processes, and values and behaviours in place across the council by which we plan and deliver services to the citizens of Leeds in a way that shows how the council:

- Does the right things in the right way.
- Is open and transparent about what it does, how, and why it does it.
- Engages with citizens, partners, and stakeholders to place and deliver outcomes.
- Is held to account.

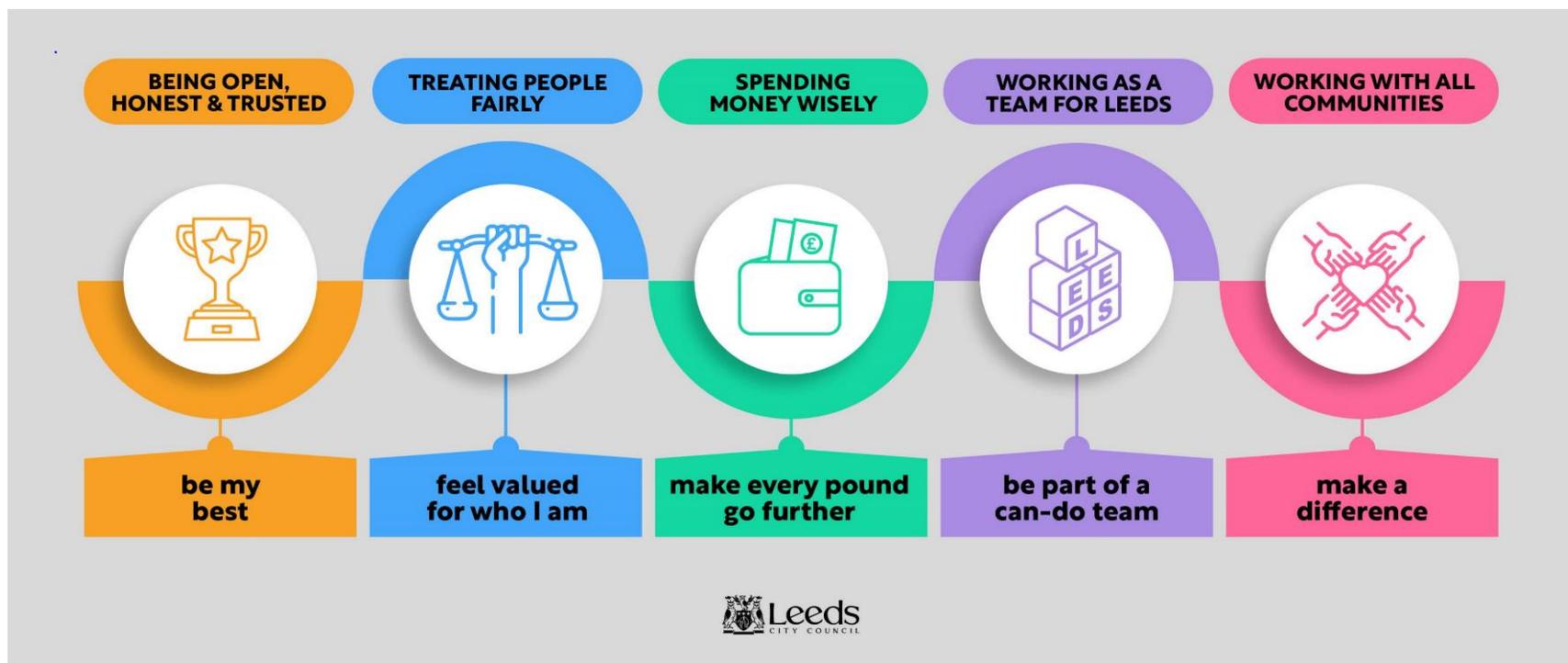
<sup>4</sup> Reflecting CIPFA\ Delivering Good Governance in Local Government Framework 2016 edition

## 2 - OUR GOVERNANCE FRAMEWORK

We have a variety of arrangements through which we give effect to our code of corporate governance. The governance arrangements are a combination of the culture, people, documents, and processes which together direct and control the council's activities.

Culture	Values and behaviours <sup>5</sup> , Political Environment, Ethical Governance, Relationships.
Processes	Systems of Internal Control, Audit and Inspection, Compliments and Complaints, Oversight and Scrutiny.
People	Members, Officers, Statutory Officers, Partners and Stakeholders, Citizens, and Communities.
Documents	Joint Strategic Assessment, Strategic Plan, Budget & Policy Framework, Constitution, and legal framework

Figure 1 - Leeds City Council- Values and behaviours



<sup>5</sup> See Figure 1

<b>Culture</b>	
Our culture and governance arrangements are set in our values and behaviours which are embedded across the organisation.	
<p>We have codes of conduct for members and officers, which set out clear expectations of behaviour. There are clear arrangements in place for the registration and declaration of interests and of gifts and hospitality.</p> <p>Continuous review of arrangements to identify opportunities for growth, development and improvement whilst balancing the need to make proportionate use of our resources.</p> <p>Rigorous oversight and robust challenge in decision making. Scrutiny board chairs are drawn from both administration and opposition members to provide meaningful challenge.</p> <p>Ethical governance arrangements supported by a robust suite of counter fraud and corruption arrangements, including a whistleblowing policy open to all.</p> <p>Clear and embedded arrangements for the publication of key decisions enable effective democratic oversight of decisions taken by officers.</p> <p>Regular performance reporting in relation to key strategies ensuring effective accountability of those in operational control.</p>	

<b>Systems and Processes</b>	
<p>We have a leader and cabinet governance model with leader's executive arrangements set out in the constitution to ensure clear arrangements for open, transparent, and accountable decision making.</p> <p>Decision making, financial arrangements and procurement activity are bound by clear rules of procedure which focus our resources to the achievement of our strategic outcomes and are rooted in legal compliance.</p> <p>Budget management and monitoring is a continuous risk-based process operating throughout the council. Directors have responsibility for delivering directorate budgets whilst budget holders, supported by finance officers, manage, monitor, and forecast income and expenditure against budgets.</p> <p>Transformation is rooted in interdependent change priorities: improving our digital offer; improving how we serve our customers; improving how we work with people and families; and improving the coordination of our services locally.</p> <p>Progress against strategic ambitions is monitored through key performance indicators (KPIs) to identify any weaknesses in performance to take appropriate effective action to improve performance in line with targets.</p> <p>Established risk and resilience arrangements, including risk management policy and strategy and risk registers informed by the National Risk Register, work to identify, mitigate, and manage risk at all corporate levels.</p> <p>Established arrangements for overview and scrutiny through five appointed boards. Our activity is outcome focussed, and systems and processes are reviewed regularly to ensure they are up to date and fit-for-purpose to deliver our strategic outcomes for citizens and communities in Leeds.</p>	

### People

Our organisational plan “Being Our Best” is supported by “Be Your Best” an individual development programme designed for all 2000+ managers to support their staff to be their best. The plan focuses on our values and behaviours, setting out expectations and priorities, with a guide to resources to assist managers.

Our People Strategy 2020-25 sets out our commitment to best leadership and management and to best employee experience. Through the application of our values and behaviours, this strategy underpins our approach to recruitment, work life, development, progression, and exit. The use of periodic staff surveys monitors performance. Officer remit and accountability is clearly structured, communicated and monitored through delegation and sub-delegation arrangements, appraisal objectives and regular supervision. There are protocols in place in our Constitution to ensure that statutory requirements are complied with, and the Monitoring Officer and Chief Finance (S151) Officer are afforded the resource, access and opportunities required to fulfil their roles.

Our staff networks, trade unions and freedom to speak up guardian enable staff engagement, provide advocacy, and encourage people to speak up with any concerns around working practices.

There are robust processes in place to receive and act upon customer feedback ensuring we maintain a high quality, efficient and effective service.

We use a variety of methods, including our Citizens Panel, to communicate and engage with our citizens and communities, to plan and deliver the right services in the right way to achieve value for money.

### Documents

Our Joint Strategic Assessment (JSA)<sup>6</sup> provides a detailed understanding of the citizens and communities in the Leeds area and is used to underpin our strategic framework.

Our Best City Ambition highlights the city’s mission to tackle poverty and inequality, setting out the three pillars approach through health and wellbeing and inclusive growth strategies and zero carbon plan.

The Best City Ambition sets out a strategic intent shared between the council and its partners, to work together as Team Leeds. Recognising significant financial challenges faced by the council and some of our key partners, it seeks to maximise the positive impact of limited resources as we seek to deliver our shared goals and priorities.

Our Medium-Term Financial Strategy (MTFS) is updated annually, supported by our financial management systems, and underpins our sustainable approach. The MTFS recognises that the current and future financial climate could present a significant risk to the Council’s priorities and ambitions. The strategy aims for the Council’s financial position to be robust, resilient, and sustainable with a sufficient level of reserves available to deal with any future unforeseen circumstances.

We have a robust and accountable approach to budget management, (closely aligned to the principles of CIPFA Financial Management Code (2019)) and provide regular revenue and capital monitoring reports. Our arrangements for treasury management comply with The Chartered Institute of Public Finance and Accountability (CIPFA) Code of Practice on Treasury Management and The Prudential Code.

Our Constitution sets out key roles and responsibilities together with rules and protocols to govern behaviour and procedures. The Monitoring Officer ensures regular review.

<sup>6</sup> published July 2024 - [Leeds Observatory – JSA2024](#)

## 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

### Assurance Approach

We have developed a governance framework setting out an accurate description of the internal control arrangements in place to deliver against the Principles and Commitments set out in the Local Code of Corporate Governance. Using an assurance model (set out in Fig.2. below) based on the 3 lines approach, we have developed an assurance map giving substantial assurance that our governance framework is operating soundly with no fundamental weaknesses. Details of the framework and assurance map were reported to Corporate Governance and Audit Committee in June 2024.

Whilst our governance framework cannot eliminate all risk to the achievement of policies, aims and objectives, our review provides reasonable assurance of the effectiveness of our arrangements.

### First Line of Assurance – Operational and Managerial Oversight.

We seek confirmation from officers with operational and managerial responsibility that our system of internal control is effectively embedded. Our 2024 survey of internal control (SIC) was shared with 176 officers and received a response rate of 78%. The SIC focused on our seven principles of corporate governance and was designed to identify the extent to which managers believe their staff have the relevant knowledge and skills to comply with those controls appropriately and proportionately to their individual roles and responsibilities. Respondents were invited to comment on arrangements which were working well and to identify any actual and / or perceived weaknesses as well as inviting suggestions for improvement.

Qualitative and quantitative analysis of SIC responses has been completed and provides some assurance that, from an operational perspective, governance arrangements appear to be embedded and effective, with some opportunities to review the application of these arrangements to partnership working. To guard against the risk of complacency, responses in relation to each specialist area have been referred to the owner of specialist oversight in relation to the relevant system of internal control for consideration. Corporate Governance and Audit Committee provide robust challenge, looking for continuous improvement year on year when receiving assurance reports in relation to specialist areas of internal control.

### Second Line of Assurance – Specialist Oversight and Compliance.

Those with specialist oversight and compliance responsibility provide assurance that arrangements are up to date, fit-for-purpose, embedded and routinely complied with. We have developed the cycle of internal control (see Fig 3 below) which underpins each of our systems of internal control and recognises that arrangements should be defined and documented; clearly communicated; effectively embedded; meaningfully monitored; and reviewed and refined. Throughout the cycle, we seek to ensure that risks are identified, assessed, and appropriately managed.

The second line of assurance is developed through formal reporting of control arrangements to council and executive committees and supported by additional enquires made to officers with specialist oversight, knowledge, and responsibility.

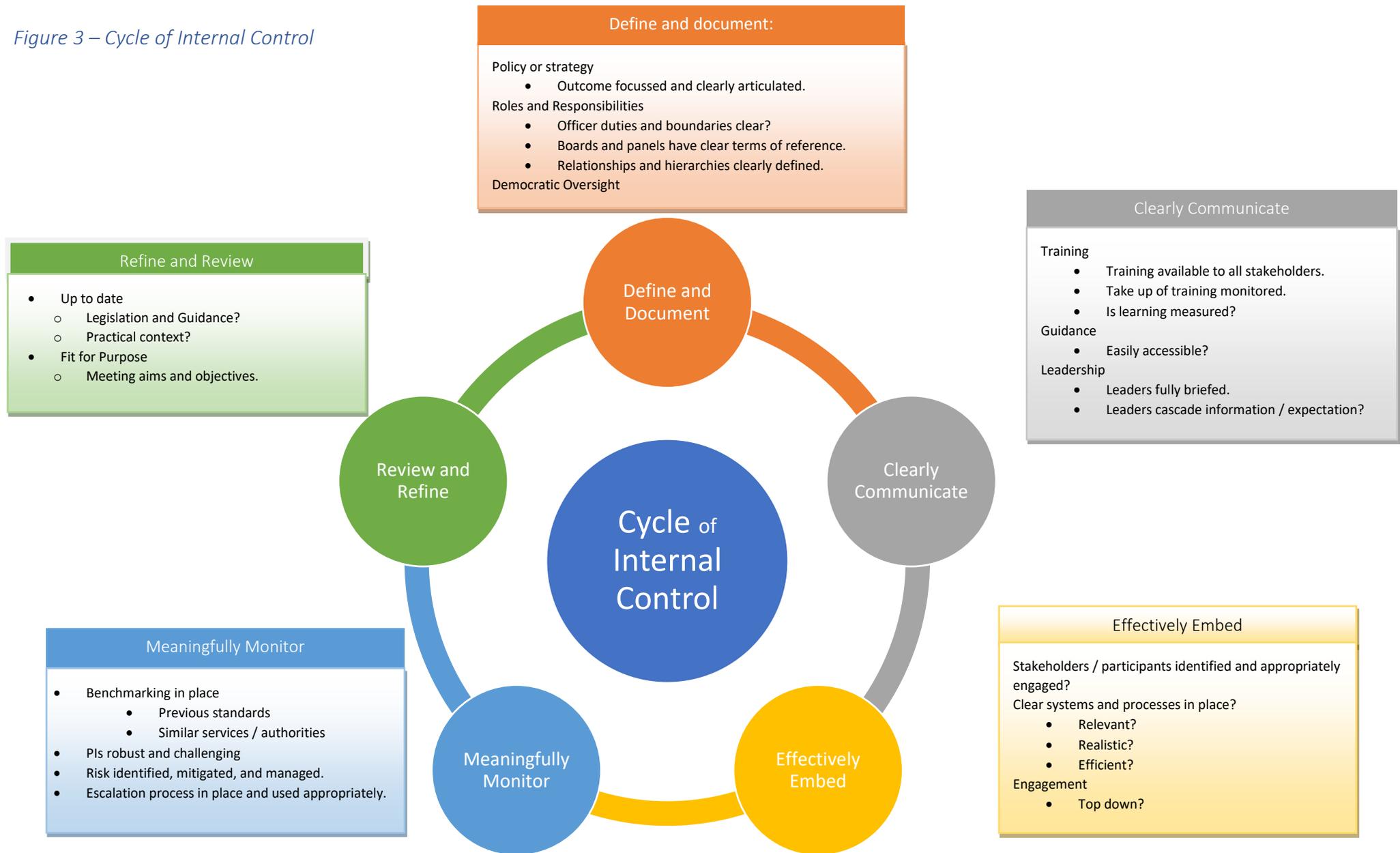
### 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

Figure 2 - Leeds City Council- Assurance Map

Bodies charged with governance:		1 <sup>st</sup> line of assurance	2 <sup>nd</sup> line of assurance	3 <sup>rd</sup> line of assurance			
		Responsibilities for implementation and accountability		Arrangements for testing			
Full Council Corporate Governance and Audit Committee (Delegated responsibility)	<b>Operational ownership and management</b>	<b>Oversight and compliance specialists</b>		<b>Independent Assurance</b>			
	Directors and section heads sectional and directorate leadership teams	Specialist officers Proper officers					
Systems and Processes of Internal Control	<b>Define and Document</b>	Clear arrangements for sub-delegation of functions and responsibilities	Development of policy & procedure		Internal Audit	External Audit	External Inspectors
	<b>Clearly Communicate</b>	Leadership – cascading of information and expectation	Provision of guidance & training,				
	<b>Effectively Embed</b>	Systems of managerial control (Supervision / 121 / appraisal etc.)	Oversight and advice tailored to service need				
	<b>Meaningfully Monitor</b>	Local performance monitoring. Identification and mitigation of risk. Escalation of concerns	Development of robust performance indicators. Benchmarking				
	<b>Review and refine</b>	Feedback on systems and processes	Review of legislation, sector best practice and guidance. Strategic review of arrangements		Action Planning & Monitoring		
<b>Officer oversight:</b>	Corporate Leadership Team Statutory Officers (Monitoring Officer, Chief Finance Officer, Head of Paid Service)			<b>Officer oversight</b>			
 <b>Democratic Oversight</b>	Executive Members Executive Board Scrutiny Boards Corporate Governance and Audit Committee Standards and Conduct Committee			 <b>Democratic oversight</b>			

### 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

Figure 3 – Cycle of Internal Control



## 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

### Third Line of Assurance – Independent Assurance.

Formal independent assurance is provided by internal audit, external audit, and other external inspection agencies.

### Internal Audit

In accordance with the Public Sector Internal Audit Standards (PSIAS) as the council's designated chief audit executive, the senior head of internal audit, corporate governance and insurance delivered their annual internal audit report and opinion to Corporate Governance and Audit Committee in July 2024.

PSIAS requires a quality assurance framework to be established. The latest external review of our quality management system was undertaken in November 2023. The assessment confirmed that our arrangements continue to confirm to the ISO quality management standards and certification was successfully awarded for a further three years. These arrangements have met ISO certification since 1998.

The internal audit service provides regular update reports in relation to internal audit, and counter fraud and corruption activity to the Corporate Governance and Audit Committee. Reports provide assurance as to the performance of the Internal Audit Service in compliance with PSIAS supplemented by internal quality assurance feedback obtained from audited services. In addition, these reports update the committee with some assurance on the control environment in place across the council by providing oversight of work undertaken in pursuance of the risk-based audit plan.

### External Audit

Grant Thornton is appointed as the council's external auditor and is represented at each meeting of Corporate Governance and Audit Committee. The external auditors have quarterly meetings with the Chief Officer Financial Services (the Council's designated chief finance officer), and bi-annual meetings with the leader of the council, chief executive and director of strategy and resources, in addition to the chief officer – financial services. Additional meetings are arranged as necessary throughout the year.

Under the National Audit Office (NAO) Code of Practice, the external auditor is required to consider whether the council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.

### External Inspection and Peer Review

We engage with all formal inspection and review agencies including the Office for Local Government, the Care Quality Commission and OFSTED. Our protocol for the coordination of external inspection reports provides that reports and action plans arising from inspections are shared as appropriate with Executive Board, Scrutiny Boards and Corporate Governance and Audit Committee.

### 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

Peer review arrangements provide informal independent assurance in relation to specific services. Leeds welcomed a peer review from the Local Government Association corporate peer challenge in November 2022. The peer review team undertook a progress review in September 2023, reported to Executive Board in October 2023.

The Information Commissioners Office (ICO) undertook a consensual audit of our data protection practices focusing on governance and accountability; records management; and personal data breach management and reporting. The ICO report was received by Corporate Governance and Audit Committee in February 2024, acknowledging the areas for improvement, and agreeing to receive mid-year and end of year action plan progress update reports.

The Council was notified of a Care Quality Commission (CQC) inspection on 9<sup>th</sup> December 2024. The council's self-assessment and evidence library was submitted in line with the deadline of 10<sup>th</sup> January 2025. The inspection will take place within six months of the initial notification although a date has not yet been set.

#### Ombudsman

There are arrangements in place to capture, record and monitor ombudsman complaints regardless of whether a finding of maladministration leading to injustice is found. Where appropriate, a finding of maladministration is reported to a formal meeting of Executive Board, along with any appropriate proposed remedial action. The Monitoring Officer also reserves the right to make a report of unlawfulness to full council.

#### Democratic Oversight.

As demonstrated by the assurance framework at figure 4 below, there is considerable democratic oversight, providing assurance that our governance framework is effectively embedded and operating soundly.

### 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

Figure 4 – Assurance Framework.

	<b>1<sup>st</sup> Line of Defence.</b> (Operational Ownership and Management)	<b>2<sup>nd</sup> Line of Defence</b> (Oversight and Compliance Specialists)	<b>3<sup>rd</sup> Line of Defence</b> (Independent Assurance)	<b>Bodies Charged with Governance.</b>
<b>Published Arrangements</b>	Constitution Website			
<b>Corporate Governance and Audit Committee</b>	Service specific annual assurance reports. Ad-hoc reports addressing key projects and risks.	Annual Assurance reports in relation to corporate systems of internal control.	<b>Internal Audit</b> Approval of risk-based planning, receipt of update reports; receipt of annual report and opinion.	Approval of Annual Governance Statement and Statement of Accounts.
			<b>External Audit</b> Agreement of nature and scope of annual audit plan; receipt of progress reports; receipt of ISA260 and annual audit report; certification of housing benefit grant claims.	
			<b>External Inspection</b> Consideration of external inspection reports and action plans.	
<b>Standards and Conduct Committee</b>	Consultation on development of Member's Code of Conduct.	Annual report of Monitoring Officer.		
<b>Scrutiny Boards</b>	Pre-decision scrutiny Arrangements for Call-In Receipt of Performance reports	Consultation of development of Budget and Policy Framework.	<b>External Inspection</b> Consideration of external inspection reports and action plans	
<b>Executive Boards</b>	Executive decision-making Receipt of Service Specific Performance reports.	Receipt of Corporate reports relating to performance and monitoring. Strategy and Policy approvals.	<b>External Inspection.</b> Consideration of external inspection reports and action plans.	
<b>Full Council</b>	Hold executive to account (executive questions and receipt of executive minutes). Approval of Budget and Policy Framework.			Receipt of Annual Reports. <ul style="list-style-type: none"> <li>• Corporate Governance &amp; Audit Committee</li> <li>• Standards &amp; Conduct Committee</li> <li>• Plans Panels</li> <li>• Licensing Committee</li> <li>• Scrutiny Boards</li> </ul>
<b>Officer Information.</b>	Decision-making reports. Survey of Internal Control.	Specialist Questionnaires and assurance statements		

### Governance Framework and Assurance Map

Our detailed governance framework and assurance map was received by Corporate Governance and Audit Committee in June 2024. This provides the evidence of assurance on which this statement is based. Additional significant information made available in the intervening period has been added to ensure that the statement remains up to date.

### 2023 Action Outcomes

We have monitored the actions identified in the 2023 Annual Governance Statement and Corporate Governance and Audit Committee considered a summary of the outcomes in relation to each of these at their July meeting<sup>7</sup>, enabling them to support approval of this AGS.

### Internal Audit

The council's designated chief audit executive's annual internal audit report and opinion for 2023-24<sup>8</sup> stated that:

"The combination of audit work undertaken to deliver the objectives set out in the 2023/24 Internal Audit Plan leads to a conclusion that the internal control environment (including the key financial systems, risk, and governance) is well established and operating effectively in practice.  
...  
a satisfactory overall opinion is provided for 2023/24, based on the audit work and assurances summarised within this report."

Whilst the opinion reflects the challenge of shrinking resources and increasing demand on the authority the annual audit opinion also recognises that in addition to the programme of core assurance work delivered internal audit has

"...worked closely with various boards, committees and functions that have been established to identify pressures, challenge assumptions and agree income and savings proposals. Whilst the results may not be immediate, and there is ongoing work to embed the culture of spending money wisely, it underlines the commitment of organisational leadership to delivering a Medium-Term Financial Strategy designed to safeguard the authority over future years. We are aware that there are areas in which this is particularly challenging, and resources have been appropriately deployed to confront this."

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<sup>7</sup> [11B. Appendix B Action plan 2023 reported outcomes.pdf \(leeds.gov.uk\)](#)

<sup>8</sup> [8A. Internal Audit Annual Report and Opinion 2324 Appendix A.pdf \(leeds.gov.uk\)](#).

### External Audit

A clean audit certificate was issued in March 2024 for the 2021-22 accounting period.

The external audit for the 2022/23 accounting period commenced in April 2024, and a further clean audit certificate was issued in October 2024 for the 2022-23 accounting period. All documents were circulated as supplementary matters for Corporate Governance and Audit Committee in November 2024. Two key recommendations were made in the auditor’s annual report 2022-23 VFM arrangements<sup>9</sup>.

In pursuance of the external audit for the 2023-24 accounting period the external auditor’s interim VFM report was received by Corporate Governance and Audit Committee in November 2024<sup>10</sup>. The report provides follow up on the key recommendations set out in the 2022-23 VFM report; replaces one of these and makes two further key recommendations as set out in the table below. Reflecting the management comments in relation to these key recommendations the report notes:

*“Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.”*

Follow up on 2022-23 Key Recommendations	Progress	Further Action
<p><b>Financial Sustainability - Delivery of a sustainable, balanced budget year on year.</b> The Council should set out in detail how its proposed transformation plans will enable it to deliver a sustainable, balanced budget year on year.</p>	The Council has established a Corporate Transformation Team.	<p><b>Key Recommendation Replaced.</b> This key recommendation has been replaced with a new key recommendation</p>
<p><b>Governance of the accounts and external audit process – strengthening arrangements in engaging with the external audit process.</b></p>	The Council has added experienced capacity to ensure it can engage effectively with external audit with the aim of ensuring that the 2022/23 financial statements can be signed off by the end of September 2024 and delays	<p><b>In Progress.</b> Current capacity and momentum should be maintained</p>

<sup>9</sup> [Council and democracy \(leeds.gov.uk\)](https://www.leeds.gov.uk/council-and-democracy) Minute 53 Corporate Governance and Audit Committee, November 2023.

<sup>10</sup> [Interim Auditor's Annual Report on Leeds City Council 2023-24](#) Minute 57 Corporate Governance and Audit Committee, November 2024.

## 4 - ASSURANCE AND ACTIONS

<p>In order to strengthen arrangements in engaging in the external audit process, the Council needs to ensure:</p> <ul style="list-style-type: none"> <li>• Timely provision of good quality working papers consistently to support the Council’s financial statement (reviewed by an independent officer prior to being provided) and that all working papers reconcile clearly to FMS or other appropriate systems.</li> <li>• Increased capacity within the Council’s accounts team to respond promptly and in a timely manner to audit queries or requests for information, including ensuring the 2021-22 accounts audit is completed as soon as possible, and</li> <li>• That the expected time commitment and risks associated with introducing the new ledger system, and the other key tasks being undertaken by the finance team, such as budget preparation, do not impact on the availability of key finance staff to engage with external audit to deliver the 2022-23 accounts audit.</li> </ul>	<p>to the process of publishing audited accounts are resolved.</p> <p>The improvements in supporting the audit of the 2022/23 Financial Accounts have been recognised in correspondence with Grant Thornton and in their Audit Findings (ISA 260) report to Leeds City Council (Year ending 31<sup>st</sup> March 2023) which was received at the Council’s Corporate Governance and Audit Committee in September 2024.</p>	
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2023-24 Key Recommendations	Management Comments
<p><b>Key Recommendation 1 - Financial Sustainability</b></p> <p>The Council should maintain its focus on the delivery of transformation and savings plans within the Children and Families Directorate including accelerating the pace and capacity to deliver savings and transformation plans in-year and by reviewing the level of service provision in Children and Families which could contribute to reducing service costs in a safe and sustainable way. The Council should develop options to make substantial additional savings in non-statutory spending across the whole organisation which may need to be implemented if</p>	<p>The Council agrees that it needs to address the budget pressures within the Children and Families directorate in a sustainable way in order to ensure that the Council’s revenue budget is financially robust and resilient.</p> <p>In accordance with the Council’s Revenue Principles managing the budget, action has already been taken in the current financial year to identify options to manage the overspend within the Children and Families directorate. These include savings from re-unification of CLA to their families or other more appropriate provision and additional forecast savings from delivery of new in-house children’s homes, as part of the CLA Sufficiency Strategy agreed by the Executive Board in June 2024. This strategy will support the investment in early help, family-based solutions, permanency planning, fostering and local children’s homes, to ensure there is greater control of the future cost, quality and outcomes for children and families.</p>

## 4 - ASSURANCE AND ACTIONS

<p>continued overspending in Children’s Services cannot be contained.</p>	<p>Cross-council groups to support delivery of Children and Families savings have been in place for some time, in the form of a monthly Delivery board supported by regular Task and Finish Group meetings. In addition, a Children and Families Transformation Team was established in 2023/24 to support delivery of savings.</p> <p>There has also been additional oversight of the Children and Families budget since 2023/24, with the Chief Financial Officer attending weekly Children and Families Senior Leadership Team meetings, along with providing regular briefings and challenge at the Corporate Leadership Team with Elected Members.</p> <p>A number of the savings plans are complex and require lead in periods, for example, opening new children’s homes, where there can be significant timescales required for Ofsted registration. Progress against these timescales is regularly reviewed and issues escalated where needed, including with DfE.</p> <p>The regular financial reporting to Executive Board means that any projected variations to the approved budget can be readily identified and actions agreed to address the financial position. In July 2023 Executive board agreed that the following Action was taken immediately to reduce the overspend across all directorates:</p> <ol style="list-style-type: none"> <li>1. Only essential spend.</li> <li>2. Vacancy freezes on recruitment (including Agency and Overtime). In 2024/25 a Task and Finish group has been established to strengthen this control by reviewing Agency, overtime, and absence.</li> <li>3. No travel to conferences</li> <li>4. Clear messages to all staff</li> <li>5. A review of fees and charges to establish which could be increased in year.</li> </ol> <p>In accordance with the Council’s revenue principles action is taken across all services to address budget variations and doesn’t rely primarily on the identification of “substantial additional savings in non-statutory spending.”</p>
<p><b>Key Recommendation 2 - Financial Sustainability</b></p> <p>The Council should assess the growing risk to its reserves policy of continued revenue budget overspending, including the impact on its strategy to re-build the General Reserve, its approach to managing the projected DSG deficit and the potential future removal of the DSG</p>	<p>As set out in the Council’s Medium Term Financial Strategy (MTFS) the Council is committed to increasing the level of its general reserve in order to ensure that the Council’s financial position is robust, resilient, and sustainable. The robustness of its processes for determining estimates means that the Council can continue to present balanced budgets whilst at the same time continuing to contribute towards its reserves position.</p> <p>However, in recognition of the financial challenge faced by the Council, and the inherent risk associated with budgeted assumptions, earmarked reserves e.g. Strategic Contingency</p>

## 4 - ASSURANCE AND ACTIONS

<p>statutory override. Changes to the reserves policy should continue to be monitored and reported regularly at management and member levels, recognising its significance for the Council's overall financial sustainability.</p>	<p>Reserve was established to fund future unforeseen budget pressures and to ensure the Council continues to become more financially resilient. Therefore, these reserves have been drawn down from the balance sheet to support the revenue budget in an informed way.</p> <p>The Council's reserves position is reported in full to the Council's Executive Board twice a year and the general reserves strategy is reported through the MTFS and budget reports. Any movement in the reserves position is reported to senior officer groups such as the Council's Corporate Leadership Team (CLT).</p> <p>As set out in the Council's MTFS a DSG management plan is currently being prepared to demonstrate robust plans to mitigate the projected pressures and ensure the long-term financial sustainability of the DSG. Deficits on the DSG is a national problem with all local authorities facing significant deficits that are required to be addresses.</p>
<p><b>Key Recommendation 3 - Governance</b></p> <p>The Council should strengthen its focus on budgetary control in relation to Children's Services by increasing the level of detail about performance in achieving savings and transformation plans in its public reporting at member level. Clear explanations of the reasons for delays or under performance, revised timescales and nominated responsible officers would improve accountability. Mitigations and alternative plans should be specified with clear targets and timescales. Given the scale of savings and transformation plans in Children's Services, and their importance to the Council's overall financial sustainability, the associated risks should be identified and reflected in the Council's Strategic Risk Register, with an appropriate range of controls and mitigations identified and reported to Executive Board on a monthly basis.</p>	<p>The Council will review the level of detail provided to Members through the monthly Financial Health reports received at the Council's Executive board.</p> <p>Budget and transformation plan risk with regard to Children's Services is incorporated into the reporting of the in yar financial position and the Medium-Term Financial Strategy. Both of these, which relate to the financial sustainability of the Council, are identified as separate risks within the Strategic Risk Register along with specific risks relating to SEND and EHCP.</p> <p>Work is undertaken within Children's Services to manage relevant risks, and this informs the updates to the Strategic Risk Register that is reported to Executive Board. Further routing risk management work with the C&amp;F directorate will involve a "critical friend" review of relevant risks.</p>

### Peer Review

The peer review progress review in September 2023 noted that:

The council actively seeks external perspectives and views to help it improve further. Between the peer challenges of 2016 and 2022 LCC had clearly acted on the first CPC's recommendations and other feedback, and we saw widespread evidence that it has considered and is acting upon the reflections from the peers last year. The November 2022 CPC recommendations have been incorporated into the Being Our Best organisation plan, agreed by the Executive in June 2023. Members and officers are energetic and enthusiastic about shaping and planning further improvement to deliver the council's clearly stated values and ambitions for their city, whilst being realistic about the challenges ahead.

### 2024 Action Plan

We will continue to review the findings of our review of internal control and use them to underpin plans for continuous improvement in each relevant control environment. These actions will be monitored and reported as appropriate in each control environment and considered in giving assurance for the AGS 2025.

We are pleased to note the following headline assurances and actions intended to ensure stability or continuous improvement in the internal control environment.

#### **Principle 1 - Behaving with integrity: (Doing the right thing in the right way)**

Our values and behaviours are well embedded as the basis for the services we provide for the citizens and communities of Leeds, and the lived experience of our workforce. We maintain clear processes that reinforce good behaviours and working relationships; and maintain high standards of conduct.

We will learn from feedback received to enable us to further embed our internal control environment for counter fraud and corruption.

#### **Principle 2 - Ensuring openness and engagement: (Sharing information and inviting participation)**

We have moved to a single leadership and management approach for customer contact and customer relations as part of organisational design and have introduced strategic governance through the new Best Council Team – Customer. We are working with external consultants over a focussed period to develop our Customer Strategy, Customer Blueprint, and technology proof of concept with a view to developing and delivering a customer transformation programme.

We work closely with our communities through Asset Based Community Development (ABCD) projects in a bottom-up approach to develop sustainable community-driven initiatives and support.

Partnership working is an area of strength for the council. We will continue with a light touch review of assurance to ensure that the governance arrangements in place are applied appropriately and proportionately to support this work.

### **Principle 3 - Defining outcomes: (Having realistic priorities for what we can and should achieve)**

Members and officers are energetic and enthusiastic about shaping and planning further improvement to deliver the council's clearly stated values and ambitions for their city, whilst being realistic about the challenges ahead.

We will implement our core business transformation, ensuring that new arrangements are introduced in a timely way with a view to effective transition. New arrangements will be communicated, embedded, and monitored to ensure their ongoing success.

We will work to further strengthen the Best City Ambition (BCA) progress monitoring framework to better evidence how the BCA is meeting its aims. We will review our use of KPIs to better enable democratic oversight of the council's performance monitoring framework.

### **Principle 4 – Determining effective interventions: (Considering the options and taking informed decisions)**

We have undertaken a review of our decision-making governance; and adopted arrangements which will strike a reasonable balance between speeding up decision making, reducing bureaucracy and resource required, retaining openness and engagement with the public and being in line with the statutory requirements.

We will continue to focus on the delivery of proportionate and timely information to ensure that decision makers are able to consider all relevant information in evaluating options available to them.

### Principle 5 – Managing risk and performance: (Ensuring that we can implement our plans)

We have set a balanced budget for the 2024/25 accounting period but remain fully aware of the ongoing financial challenge facing this, and many other authorities.

We will:

- work to embed purchase card arrangements to prevent fraud and ensure that value for money is achieved.
- continue to provide sound financial management, to identify and track the implementation of savings proposals through strengthened reporting of budget action plans,
- provide specific wrap around support for Children and Families leadership team to help with the in-year position,
- update the MTFS providing the financial position for 2025/26 to 2029/30,
- seek to identify and develop robust savings proposals to close the budget gap over a three-year period whilst continuing to provide sustainable services for the citizens and communities of Leeds.

We have continued to improve our information governance framework following the Information Commissioner’s Office (ICO) consensual audit, reporting on progress against actions to the Corporate Governance and Audit Committee in September and again in February. We will continue to implement the small number of actions outstanding.

We will review our cyber risk security management arrangements in line with recommendations from internal audit and record progress against the recommendation tracker and through the annual assurance report to Corporate Governance and Audit Committee. All Elected Members have been given the opportunity to attend a cyber security overview session in January 2025.

Reflecting the implementation of the New Procurement Act from 24<sup>th</sup> February 2025, we will:

- review the Council’s procurement processes to ensure compliance with the new regulatory regime.
  - Review and update of procurement documentation.
  - Review of Contract Procedure Rules
- implement a new Procurement Strategy in 2025, following consultation with key stakeholders.
  - It is anticipated that the new Procurement Strategy will go live in Autumn 2025

### **Principle 6 – Developing Capacity: (Getting the best out of our resources and our people)**

Delivery of our interdependent change priorities, through Being Our Best: Our Organisation Plan, refreshed in July 2024, will modernise, and transform our organisation. Our 2,200 appraising managers are a key part of delivering our plan to be an efficient, enterprising, healthy, and inclusive organisation.

We will continue to communicate and embed our Be Your Best priorities for 24/25 including Be Your Best: Equality, Diversity and Inclusion to develop and support all LCC managers to build inclusive teams and a work culture that is fair, celebrates difference, values all, eliminates discrimination and helps everyone to be their best.

We will review our People Strategy.

We are developing an Employment Policy Framework and will report to Scrutiny Board (Strategy and Resources.)

### **Principle 7 - Effective accountability: (Ensuring our processes are clear, robust, and open to review)**

The council actively seeks external perspectives and views to help it improve further.

We will continue to welcome and encourage robust independent challenge.

We will consider and respond to the outcomes of the ongoing internal audit review of complaints, to ensure that complaints are addressed in a consistent, comprehensive, and timely manner in line with policy requirements, and that appropriate steps are taken to ensure that lessons are learnt from complaints and ombudsman findings.