

This report provides the baseline position of the key priorities in the corporate plan
(2010/11 to 2012/3)

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Annual report

2009/2010



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Foreword

Welcome to Leicester City Council's annual report for 2009/10.

This document presents an overview of our performance during last year. It highlights our successes, as well as illustrating where we have still more to do if we are to become the excellent council we want to be.

The year marked a number of major milestones for the council.

After launching the One Leicester strategy in 2008, last year was the first full year of using that 25-year vision as the main focus for our services and activities. Part of that involved a complete restructuring of our senior directorate, with the creation of a new strategic management team based not around traditional departments, but around the strategic priorities we have adopted through One Leicester.

The year also saw our council improvement programme take huge steps forward, with the publication of 'One Excellent Council', our first organisational development plan, aimed at challenging and changing the way we work.

You will see throughout this document how all of this has helped us to develop a clear picture of what we believe we need to do to make Leicester City Council one of the best councils in the country.

We are under no illusions about how difficult that will be. The change of government that came earlier this year, and their emerging agenda of major cuts to the funding of public services, means we face the most challenging few years in a generation.

We believe that we have made significant progress over the last year and that progress, along with the support of our employees, partners, customers and residents will help us to face this next difficult period in good shape.

Councillor Veejay Patel
Leader

Sheila Lock
Chief Executive

September 2010

Introduction

The council approved *One Council*, its corporate plan in March 2010. This report is an assessment of past and current performance against the outcomes contained in this plan. Underpinning our corporate plan is a financial plan that ensures we are making the best use of our resources. This report therefore also includes a summary of how we spend our financial resources and provide value for money services.

Also sitting alongside *One Council* is our organisation development and improvement plan – *One Excellent Council* – that helps to ensure we have an efficient and effective organisation that can improve outcomes for the citizens of Leicester. This annual report therefore also includes a summary of the work undertaken to improve the council, making it more efficient and effective.

Finally the council's latest annual corporate governance statement is attached to this document at Appendix 2.

Further information can be found in the following documents:

- One Council: Leicester City Council's corporate plan, 2010/11–2012/13
- Self Assessment (CAA), May 2010
- General revenue budget strategy, 2010/11–2012/13
- One Excellent Council – Leicester City Council's organisation development and improvement plan
- Performance reports
- Employment profile, November 2009
- Financial statements, 2009/10
- Corporate governance annual report, 2009/10

I. One Leicester – Shaping Britain’s sustainable city

One Leicester sets out an ambitious and challenging 25-year vision for the city based on three key themes:

- We want the people of Leicester to become more confident – in themselves, their communities and their city.
- We want there to be greater prosperity in Leicester, so everyone can reach their potential, no-one is trapped by poverty and people are more active and healthy.
- We want Leicester to be a truly beautiful place, with less traffic, clean and tidy streets, excellent green spaces and attractive buildings.

The vision was developed, is owned and is being delivered by Leicester Partnership and its key member agencies. It has seven priorities, shown below along with the council’s contribution to those priorities:

- Investing in our children: *to narrow the wellbeing gap and remove barriers to improve educational achievement.*
- Planning for people not cars: *to reduce the number of cars on the roads and increase the opportunities for people to walk and cycle around the city.*
- Reducing our carbon footprint: *to help to tackle global warming and carbon emissions.*
- Creating thriving and safe communities: *to reduce inequalities by strengthening and supporting communities.*
- Improving wellbeing and health: *to reduce the health inequalities between deprived areas of the city and the whole city and between the city and the rest of the country.*
- Talking up Leicester: *to take our place as a city regionally and nationally as a centre for excellence, creating pride in our citizens and a national reputation.*
- Investing in skills and enterprise: *to improve the economy of the city by increasing skills and through growth in business.*

These key priorities provide the framework for our strategic planning and thus the basis of this annual report

Delivering One Leicester: Leicester City Council

Leicester City Council undertakes its community leadership role within the Leicester Partnership and works with partners to drive out inequality and improve the quality of life for people in the city.

One Council is Leicester City Council’s contribution to *One Leicester*. Our wider progress towards the vision in *One Leicester* is assessed in the Leicester Partnership’s State of the City report.

One Leicester priorities are mirrored in the management arrangements adopted by the council. The council’s management team is responsible for delivering the outcomes through the services it provides.

This is managed through a series of priority boards that decide what needs to be provided, along with an operations board that manages the effective and efficient delivery of services.

One Council sets out the key priorities that came from an analysis of the key issues that affect Leicester's citizens. It is supported by a range of supporting plans to ensure those priorities and quality services are delivered.

The council monitors performance, reporting regularly to its Cabinet and Performance and Value for Money Select Committee. This ensures we take timely action if our activity is not producing the expected results.

2. Managing Performance

This section presents the latest position (2009/10 unless otherwise stated) for the key outcomes in *One Council*. Many of the outcome measures are used in the Local Area Agreement and have previous data that is used to describe direction of travel.

A more detailed analysis is contained in the self-assessment of May 2010 (available on request).

Key to data tables:

No.	Key target number in the corporate plan
Description	Short description of the measure
Baseline 2009/10	The actual figure for the financial year 1 st April 2009 to 31 st March 2010 that sets the baseline figure for the corporate plan target
Performance	Performance is assessed as <u>improvement</u> , <u>no change</u> or <u>decline</u> (underlined) The direction of travel is quantified where possible.
Target 2012/13	This is the target in the corporate plan

Overview

Working in partnership, the council is making a major contribution to changing the face of the city. It is helping to deliver the city's cultural quarter that includes Curve – Leicester's iconic new theatre – and Phoenix Square, a state of the art digital media centre and independent cinema. Highcross Leicester, our new shopping centre, is doing well, whilst we continue to improve the city centre environment. We have also opened a new library and four new secondary schools. Many of our new buildings have won awards, including the recently-opened park and ride facility at Enderby.

In education, our school improvement notice was lifted on 1st March 2010. We have an increasing number of good schools as well as significant and sustained improvement in exam results.

Only a few months into a two-year improvement plan our housing benefits service is already delivering results.

Like other areas of the country, the recession has affected our building programmes and our ability to get people back into work. However, we have secured two grants to build new council housing and opened eight multi-access centres to address problems of worklessness.

We have allocated additional resources to meet the growing pressures in children's social care and for more adaptations that mean people can stay in their own homes. We are increasing our efforts to keep Leicester's streets clean and to meet our landfill and waste targets.

We are making good progress on improving the council's effectiveness through *One Excellent Council*, our organisation development and improvement plan. We are confident that this will lead to further improvement that will be evident throughout the current financial year. Progress on our corporate key priorities and outcomes is assessed on the following pages:

2.1. Managing performance – Investing in our children

Overview

Outcomes for children and young people in Leicester are improving and a range of action is underway to further accelerate this. We made considerable progress during 2009/10 in delivering priority services and improvements.

In lifting the statutory improvement notice imposed following the Joint Area Review, the Secretary of State acknowledged our improvements to the quality of local schools and settings, and the performance management, leadership and capacity building that has supported this.

Sustained improvement in schools and education attainment is the result of continuous investment in education over the last ten years. More city schools than ever before are now rated as good or outstanding. 14 city schools are now in the top achievement category, compared with ten only two years ago. In the same two years, the number of good schools has risen from 34 to 52.

Alongside the continuing good quality of children's social care services, these improvements have helped to further strengthen safeguarding in Leicester and are enabling universal and targeted services to adopt more personalised approaches to learning and development. Other improvements of note include the opening of a number of new school facilities and buildings and the timely progress of phase three children's centres.

In 2010/11 we will invest in:

- 'Whatever it Takes', an initiative to ensure every child is ready for secondary education at age 11.
- Continue with our Building Schools for the Future programme.
- Develop a child poverty strategy.

Closing the gap

We are narrowing the gap in opportunities and outcomes between most children and young people and those that are the most vulnerable or underachieving. Problems of youth unemployment, teenage conceptions and childhood obesity that are associated with poorer life chances are showing real improvement. Pupils living in the most deprived 10% areas have improved their performance by 4% in reading, 8% in writing and 3% in mathematics from 2008 to 2009.

However, the number of children in poverty remains too high.

No.	Description	(2009/10)	Performance compared to 08/09	Target (2012/13)
CP I	% 16-18 year olds not in education, employment or training	7.6%	<u>Improvement</u> Reduction of 0.8 percentage points	5%

No.	Description	(2009/10)	Performance compared to 08/09	Target (2012/13)
CP2a	Rate of teenage conceptions per 1,000	48.6%	<u>Improvement</u> 43% reduction on 1998 baseline	28.9%
CP2b	Obesity among primary school age children in Year 6	17.8%	<u>Improvement</u> Reduction of 2.5 percentage points	19%

No.	Description	(2009/10)	Target
CP3	% children living in 10% most deprived areas	35%	Halve the proportion of children in poverty by 2020

Educational attainment

Standards of attainment in Leicester are improving rapidly, a view shared by the Department for Children, Schools & Families (now Department for Education) and National Strategies. Improvements in attainment at ages 5, 11 and 16 are, in some cases, at a pace that puts Leicester on course to move above the national average in the near future. There is also evidence that indicates that vulnerable groups, including children in receipt of free school meals, achieve better in Leicester than in comparable authorities.

(NB: the attainment figures relate to summer 2009; figures for 2010 will be available in November 2010).

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 4	% young people achieving level 4 plus in English and Maths KS2	69%	<u>Improvement</u> Increased by 2.3% points	82%
CP 5	% young people achieving 5 or more A*-C grades at GCSE or equivalent including English and Maths	44.4%	<u>Improvement</u> Increased by 4.5% points	65%

2.2 Planning for people not cars

Overview

A growing cultural quarter has a new theatre, digital media centre and creative and cultural industries. Government ministers have been impressed by these innovations in the city. Pedestrianisation and provision of open space in the city, particularly around Highcross and the Cultural Quarter are making it easier to move around the city on foot.

We have managed to keep congestion under control and have received £1.6m congestion fund reward grant since 2007/08.

Reducing car use

Car journeys to work are falling and we are on track to achieve our target in 2013. The number of bus journeys fell from the previous year although there was an increase in the numbers of people cycling and walking.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 6	Journeys to work by car	51%	<u>No change</u>	48%
CP7	Bus journeys	34,105,456	<u>Decline</u> Reduction of 6m passengers from 2008/09	44 million
CP 8	% of workforce in central transport zone covered by travel plans	38%	N/A	55%

2.3 Reducing our carbon footprint

Overview

Latest figures show a reduction of 7.5% in carbon emissions from 2005 to 2008¹. Improvements have been made in each sector of transport, domestic and the industrial and commercial sector. Despite progress in reducing carbon levels there is still a shortfall of 232,000 tonnes if we are to meet our target in 2013 and larger scale interventions are needed to achieve the 2025 target.

No.	Description	Baseline (2008 – latest data)	Performance compared to 2007	Target (2012/13)
CP 9	CO ₂ emissions from residential properties	628,000 tonnes	No change	530,000 tonnes
CP 10	CO ₂ emissions from businesses	954,000 tonnes	<u>Improvement</u> 3.3% reduction	837,000 tonnes
CP 11	CO ₂ emissions from car use	341,000 tonnes	<u>Improvement</u> 4.2% reduction	232,000 tonnes

Carbon emissions from the council

The council publicly demonstrated its continuing commitment to reducing carbon emissions by joining the 1010 campaign in January. This commits the council to a more rapid and challenging reduction from 08/09 figures than previously planned (10% by March 2011). We have focused our attention on behavioural change as a key action to achieve this cut, and have trained all of our managers. Each division is now developing its own carbon action plans.

No.	Description	Baseline (2008 – latest data)	Performance compared to 2007	Target (2012/13)
Local	CO ₂ emissions from the council	67,014 tonnes	<u>Improvement</u> 1% reduction	25% reduction by 2015

¹ The figures on the city carbon footprint are supplied by central Government (on a two-year delay).

2.4 Creating thriving and safe communities

Overview

The council contributes to this priority in many ways, including:

- a focus on preventing crime and promoting safer neighbourhoods
- supporting vulnerable people to live independently
- providing community facilities for people to meet and be part of their community, including a new library in New Parks that was opened in March 2010.
- providing opportunities for people to get involved in local democracy through ward community meetings
- supporting community cohesion through a range of projects that promotes an understanding between the diverse populations of Leicester.

New Parks Library opened on the 16 March 2009 funded by Leicester City Council and Big Lottery and has library, cafe, learning and IT facilities. In the first two weeks it opened it had 261 new joiners compared with 50 in previous months.

In August 2009 (latest data):

- 94.2% of people asked stated that they felt safe walking out in the area where they lived during the day, compared to 91.8% in April 2009
- 67.5% of people asked said that they felt safe walking out in the area where they lived at night, compared to 70.7% in April 09

Overall crime

There was a reduction in overall crime between December 2009 and 31st March 2010. This was due to refocusing partnership working in tackling crime. The council facilitates and works closely with the Safer Leicester Partnership in preventing crime and protecting vulnerable people.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Revised target (2010/11)
CPI2	Recorded crime per 1,000 population	133	N/A	25% reduction

We now employ community wardens to cover every ward, involve residents in environmental improvements that address crime and provide street lighting and road measures to improve safety. We contribute a range of services and activities to the Partnership's crime improvement plan. Success is measured by the overall level of recorded crime.

Independent lives

The council's adult social care service was assessed as performing 'well' for 08/09 against the regulatory Care Quality Commission's seven key outcomes. The number of people in receipt of a personal budget is above the regional average, which demonstrates the organisation's commitment to giving people greater choice and control over the services they receive.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 13	Numbers of people in control of social care services through self directed support	1,269*	N/A	1,957

* This information is reported as an age standardised percentage; further detail on request.

The Adults Safeguarding Board was established this year.

Affordable housing

The target for 111 new affordable homes to be built in 2009/10 was surpassed, as 166 were eventually delivered. Work has started on site at all five of the sites that will contain 146 new council homes. In total we now have a programme of over 600 new affordable homes which are currently on site and/or have confirmed homes & community agency funding. This will increase the amount of affordable housing in the city, which in turn will help to reduce the number of people on the council's housing register.

A large housing association scheme has started at the BUSM site in the Abbey Meadows regeneration area. This will provide affordable housing in a popular area and is part funded by New Growth infrastructure fund and the homes & community agency. This will contribute 119 affordable homes as a first phase on a brownfield housing growth site.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 14	New affordable homes	298*	N/A	992

*cumulative from 08/09

People in communities

Three quarters of residents think their area is a place where people from different backgrounds get on well. The research group MORI analysed the factors that make it easy or difficult for local councils to achieve positive perceptions. The factors were summed up in their area challenge index score. According to this, Leicester's percentage of people who believe people from different backgrounds get on well together is 12 percentage points higher than could be expected. (*Mind the Gap, Mori 2010*).

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 15	% people who believe people from different backgrounds get on well together in their local area	76.2%	Place survey abolished, so not repeated in 2010	

In 2010/11 we will:

- Agree our neighbourhood working strategy and implementation plan.
- Continue to support a growing number of older and vulnerable people by increasing adult care budgets.
- Continue the £15,000 funding for each ward committee to allocate to local projects.
- We will continue to invest in making the city clean and green including:
 - Extending our city warden service to cover the whole city
 - A major initiative to reduce graffiti
 - Targeted free service for pest control in deprived areas
 - Additional street cleaning, targeted at problem areas

Special Olympics Leicester was part of the East Midlands programme in the run up to London 2012 and had a significant impact on community cohesion with 1,500 local volunteers supporting 2,700 athletes, 1,000 coaches and 6,000 family members in a programme of 21 sports over 7 days. The sporting programme was complimented by a cultural extravaganza on the opening night and through activities in the Festival Village.

2.5 Improving health and well being

Overview

Mortality rates remain high and we need to reduce health inequalities to increase life expectancy. Partnership arrangements have been strengthened, additional resources allocated and an improvement plan is being implemented. Partners are tackling the main contributory factors for healthy living, the council's supporting activities are reported below.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 16	All-age all-cause mortality rate per 100k population - males	836.3	<u>Improvement</u> Reduction in death rate of 4.3 per 100k	663
CP 16	All-age all-cause mortality rate per 100k population - females	585.5	<u>Improvement</u> Reduction in death rate of 12.2 per 100k	482

Healthy living

Tackling the main causes of illnesses and disease that cause early deaths focuses on reducing smoking, increasing physical activity and reducing consumption of alcohol.

Smoking

As part of Leicester's Tobacco Control Alliance, the council's trading standards service has taken action against traders selling tobacco to people aged under 18. We worked closely with HM Revenue and Customs, sharing intelligence about contraband suppliers of tobacco. Residents can access information about quitting smoking in many of our facilities and council employees are supported to attend smoking cessation sessions.

Physical activity

Usage of sports and leisure centres fell by 75,800 this year compared with last year. However, usage increased by 11.5% overall from 2005/06 to 2.3m in 2009/10. Free sessions for over 60s at Leicester City Council's leisure centres attracted more users, as did junior swims, which increased by 48% to 258,500. The user demographic profile increasingly reflects the population of the city.

The measure of 3x30 minutes exercise is now 17.9%, a rise of 2.9% points in 2009/10. This is still just below the 2007/08 figure and is below both the East Midlands and national averages.

Alcohol

The rate of increase in hospital admissions from alcohol harm was lower than expected.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 16a	Number people who quit smoking (proxy indicator for number of people smoking)	2418 smokers quit	N/A	
CP 16b	Percentage people participating in 3x30 mins exercise per week	17.9	<u>Improvement</u> Increased by 2.9 percentage points	
CP 16c	Alcohol harm related hospital admission rates (directly age-standardised rates per 100,000) The aim is to reduce the rate of increase.	2,319 (forecast)	<u>Improvement</u> Increase of 77 (3.4%) compared with predicted increase of 728 (33%)	

2.6 Talking up Leicester

Overview

The opening of Highcross Leicester has created a more vibrant city centre and has increased visitor numbers; our ranking in the retail index has improved from 16th to 11th. Vacancy rates for shops at March 2010 were comparatively low in the city. The city centre regeneration and brand building has had a positive effect on the reputation of the city. Curve had 143,000 visitors in 2009/10.

Satisfaction with place

The 2008 Place survey results showed 71.7% satisfied with the area – low in comparison with the England average of 79%. The place survey is no longer a government requirement and will not be repeated in 2010 as expected.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 17	% people satisfied with their neighbourhood as a place to live	71.7%	Place survey abolished, so no survey in 2010	

2.7 Investing in skills and enterprise

Overview

Our performance in getting people into employment and supporting businesses has been affected by the recession, so we have not achieved all of our LAA targets. However, we are building on the success of our Work Highcross employment initiative through eight multi access centres based in neighbourhoods with severe worklessness problems. We have been successful in developing employment opportunities for young people, in particular via the Future Jobs Fund, and continue to develop new business workspaces.

In 2010/11:

- Central government spending cuts will have an impact on the Working Neighbourhoods Fund programme to tackle worklessness
- Central government funding for the Future Jobs Fund ceased on 30th June 2010; this will mainly affect opportunities for young people later in the year.
- The Local Enterprise Partnership will be formed.

Skills

Workforce qualifications are amongst the lowest in the region. In recent years there has been good improvement, but this year numbers fell back slightly. It is thought this is linked to changes in the make up of the work force and population churn.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 18	Proportion of population qualified to at least level 2 or higher	57%	<u>Decline</u> Reduced by 0.6 percentage points	72.2%

Businesses

Leicester is marginally below the East Midlands average for the LAA measure, which records growth in VAT registered businesses. However up-to-date information for actual business starts in 2009/10 continues to show above average levels of business formation.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 19	VAT registered businesses in the area showing employment growth	14.3%	<u>Decline</u> Reduced by 0.36 percentage points	16%

Employment

Targets for reducing the numbers of people on out-of-work benefits were not met by March 2010, due to the economic downturn and the job losses that have occurred. A proxy indicator, the job seekers' allowance claimant count, increased from 6% in March 2009 to 6.7% in March 2010, though the count has been fairly stable from mid-2009 onwards and has showed slight improvement recently.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 20	Percentage of working age people on out of work benefits	17.46	<u>Decline</u> Increase of 1.26 percentage points	14.3%

2.8 Conclusion

Of the 24 population outcomes reported above:

- Two were Place survey measures
- Five have no appropriate comparator with the previous year

Of the remaining 17

- 12 (70.6%) are improving
- Five (29.4%) are declining

Of the five declining, three are directly attributable to the recession (skills, employment and business). However, bus use decreased and indications are that CO₂ emissions from travel increased (although we are awaiting final data).

Notes:

Some of the national indicators selected by the Leicester Partnership and the council to measure priorities and outcomes have been deleted from the national indicator set. This means, although the council can continue to collect them there, national comparator information will not be available. In some cases, they have been deleted because of the difficulty of collection. The remaining national indicator set is under review.

The perception indicators in the national set were measured for the first time in 2008 through the national Place survey. The survey was due to be repeated in 2010 but has been discontinued. We are now considering how we can continue to collect that information.

3. One excellent council

Overview

Our organisation development and improvement programme is based on four key areas: leadership, our people, ways of working and performance management. In preparation for external inspection early in 2010, it was clear that many improvements have been made; the proof of this is our improving outcomes.

Our key measures of success are reported below.

External judgement

In the first year of CAA, the organisation was assessed as performing adequately at level 2; we aimed to achieve level 4 at the 2012 assessment. There were indications that the council may have progressed from level 2 to level 3 in the 'use of resources' assessment.

With the removal of the CAA by the coalition government, we will need to establish new mechanisms for assessing organisational excellence in the future.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 21	CAA organisation score	CAA was abolished and no scores allocated in 2010		

Fair treatment

In 2008, 66% people felt they received fair treatment and performance was in the lowest third nationally. This is another area where we will be considering appropriate outcomes that we can measure locally in future.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 22	People receiving fair treatment by local services	This measure was withdrawn as a NI; Place survey has been abolished, so not repeated in 2010		

Representative workforce

Overall, the number of black and minority ethnic (BME) employees continues to increase. However, as the overall number of employees also increased, the proportion of BME employees has remained largely stable. Between 2006/07 and 2009/10 the total BME workforce increased from 20% (2006/07) to 27% (2009/10), whilst the non-schools BME workforce increased from 21% (2006/07) to 30%. (2009/10)

BME employees in the top 5% earners in the council increased from 15.4% in 2008/09 to 17% in 2009/10. The council's Reach Higher programme, which came out of suggestions by the black workers group, aims to develop BME staff with management potential.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 23	Workforce representation in top 5% earners from BME communities	17%	N/A	20%

Attendance at work

Sickness absence is generally improving across the council, although high levels remain in a few areas. The sickness absence figure for 2009/10 is 9.93 days, just within the target of ten days. This is a 15% improvement on the 2008/09 figure of 11.65 days. However, absence levels are still slightly above the average for our comparators (AXA/CBI survey) and there is a wide variation between divisions. Action is being taken at corporate and divisional level to reduce it further.

No.	Description	Baseline (2009/10)	Performance compared to 08/09	Target (2012/13)
CP 24	Average no. sickness days per employee	9.93	<u>Improvement</u> Reduction of 15% from 11.65 days	8

Efficiency

We are seeking to achieve value for money in all of our activities, not just at budget time. We have been very successful at securing efficiency savings over many years, allowing us to provide more resources for our front-line activities. To meet our national target we are aiming to make efficiency savings of £37,443,000 between 2008/09 to 2010/11.

Council savings in 2009/10 were £17.543m, against a target of £21.812m.

Following a change of national government (May 2010), the council has to make even greater savings, which will inevitably impact on all services.

Conclusion

Of the five internal outcomes reported above

- Two have data for only one year and will no longer be collected
- One (sickness levels) shows significant improvement
- One (the level of BME representation in management) shows some improvement.
- Our efficiency indicator is being superseded by new government savings requirements.

In 2009/10 we also conducted our first staff survey since 2003, setting a new baseline for how our staff view the council. A third of our staff were surveyed and we achieved a 42% response rate.

The most positive responses were around the council as an organisation and how we give a lot back to society.

The least positive responses were around sense of wellbeing and views about senior leadership.

Actions have been agreed and are being implemented. We will repeat the survey in 2011/12 to follow up on progress.

4. Next steps

We are now part of a sub-regional public service board that is looking at how services might be better joined up.

We have already faced central government cuts of over £9m in the current financial year (2010/11) and we are now assessing the impact of other external funding cuts to major projects. Although details of further cuts will not be known until the public spending review in October and the local government finance settlement in November, we have already started to look at the implications of the substantial funding reductions we know will be imposed over the next three or four years.

A partnership workshop has assessed the challenges facing the city in the medium term. There was wide agreement that the current economic environment is posing the biggest challenge to the public sector for decades. The recession has already impacted on skills, jobs and businesses and the impending cuts to public sector finances and funding of projects will inevitably impact on housing, transport and building.

The economic recovery is fragile and the removal of funding for getting people into work programmes could increase the numbers of people without jobs, particularly young people. The reduction of numbers employed in the public sector in Leicester could further increase overall worklessness in the city.

An increase in unemployment would impact on many aspects of our One Leicester vision that the council and its partners have been striving to improve, such as crime, health, education and inequality.

Commissioning boards will consider these issues in their needs analyses as part of the strategic commissioning process.

This section of the report provides a summary of the council's financial performance for 2009/10 and also looks ahead to our spending plans for 2010/11 and beyond.

Summary of the year

The council's spending in 2009/10 amounted to £1 billion – nearly £3m for every day of the year. £0.9bn paid for day to day running costs of services like schools, museums, parks and care for older people, whilst £0.1bn was invested in capital projects.

Bird's eye view of our spending			
	&bn		£bn
Children and education	0.4	Government grants	0.7
Adult social care	0.1	Council tax	0.1
Housing benefits	0.1	Fees, charges and other income	0.2
Other services	0.2		
Housing	0.1		
Capital projects	0.1		
Total spending	1.0	Total income	1.0

We have a track record of effective budget management and by identifying budget pressures early we have once again kept our spending within budget. Despite financial constraints, services managed their spending to within a small underspend of £0.2m.

2009/10 was a year of national economic recession, but within this context we continued to deliver our key objectives as our budget redirected resources to support the One Leicester vision.

The year saw the completion of all schools in phase one of our Building Schools for the Future (BSF) programme, and Beaumont Leys School was awarded the national BSF School of the Year Award. Work was completed on the digital media centre at Phoenix Square, which is now open, and we began a modest programme of new council house building (the first for many years). 2009/10 also saw the city stage the Special Olympics, with council support.

Our uncommitted general reserves, which are held as a contingency against any unforeseen circumstances, stand at £6.1m. This is higher than the recommended minimum level (£5m) but below the £7m that our financial strategy aims to achieve. At just 2.2% of the budget, our reserves are low when compared to similar local authorities.

Summary of the statutory accounts

The following sections provide a more summarised version of the council's main financial statements for the year ended 31st March 2010. The full statutory statement of accounts, which is currently subject to audit, can be obtained from our customer services centre at New Walk Centre or at www.leicester.gov.uk.

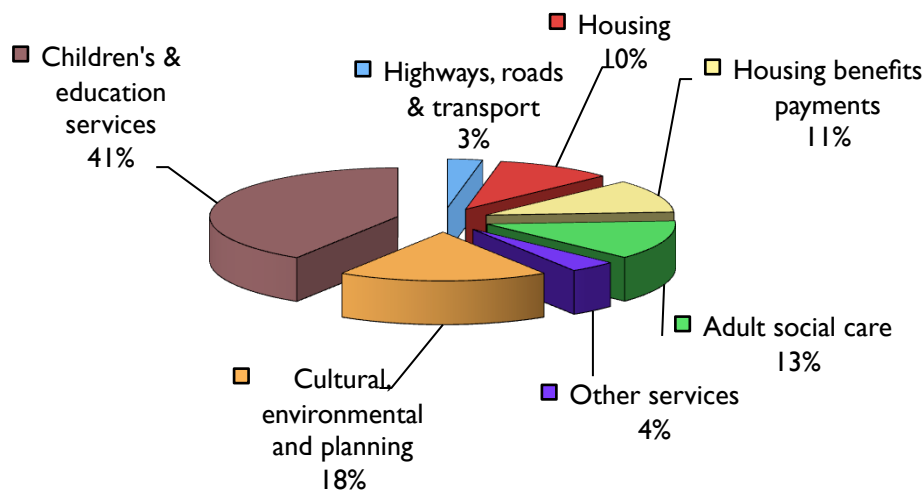
The full accounts incorporate other key statements that set out responsibilities for the accounts, a statement of accounting policies, and a statement setting out the annual governance framework.

Revenue income and expenditure

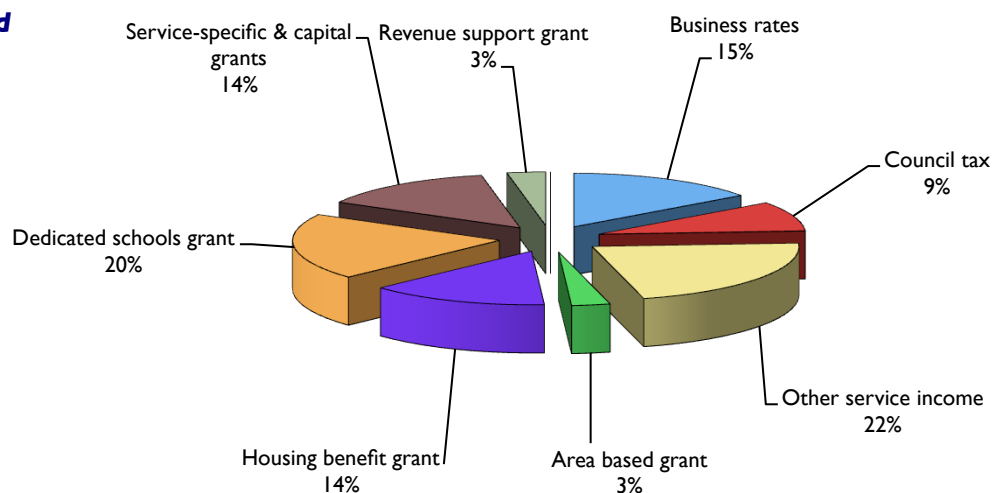
The income and expenditure account reports the net cost of all services and functions for which the council is responsible.

The following charts provide an analysis of the total revenue cost (£1.042b) of the various services provided by the authority, together with the main sources of income to meet this spending.

Proportion of spending on each service



How the council's services are funded



This chart demonstrates that around 70% of the income we receive is controlled by the government through general and specific grants, leaving real local discretion of just 30% of our total income.

For the purposes of the summary below, the income and expenditure account has been combined with the statement of movement on the general fund balance.

	2008/09		2009/10	
	Gross £m	Net £m	Gross £m	Net £m
Cultural, environmental and planning service	103.6	62.0	184.4	125.8
Children's and education services	370.6	79.3	431.6	113.3
Highways, roads and transport	31.4	20.8	34.5	21.4
Housing	290.6	66.8	213.9	13.8
Adult social care	105.2	80.1	131.5	87.4
Corporate, central and other services	26.8	22.7	46.6	19.3
Cost of all services	928.2	331.7	1042.5	381.0
Net operation expenditure and adjustments to reflect statutory and proper practices		(45.3)		(85.0)
Net expenditure for the year		286.4		296.0
General government grants		199.4		207.1
Council tax		87.5		92.0
(increase)/decrease in general fund balance		-0.5		(3.1)
General sources of finance		286.4		296.0

Capital expenditure and financing

When the council constructs a building or purchases a piece of land this type of expenditure is known as capital expenditure. The very nature of this spending is that it will provide value to the community for some years to come. The council's capital spending in 2009/10 totalled £96.7m.

Capital expenditure	£m	Capital financing	£m
Children's services - including rebuilding and reinvesting in secondary schools	33.5	Grants and contributions	51.2
Housing – including kitchen and bathroom improvements	25.4	Borrowing	27.1
Regeneration and transport – including football development facilities and New parks library	30.8	Reserves and budget contribution	17.4
Adults and corporate	6.0	Receipts from the sale of land and buildings	1.0
Total expenditure	96.7	Total financing	96.7

Balance sheet

The balance sheet sets out what the council owns (assets) and what we owe (liabilities) as at 31st March each year. The balance of these two items is represented by reserves and balances. The table below provides a more summarised version of the balance sheet as at 31st March 2010.

	2009 £m	2010 £m	
Assets			
Fixed and long term assets	2,215	2,283	These include land and buildings, council dwellings, roads, vehicles, plant and equipment owned by the council.
Money owed to the council	66	91	This figure includes £35m owed by the government and other local authorities, £16m in business rates and council tax and £6m relates to capital grants and contributions outstanding.
Investments and stock	73	59	
Total assets	2,354	2,433	
Liabilities			
Items owed by the council	107	131	
Borrowing	336	369	
Pension scheme	243	562	These are amounts arising from the financing and revaluation of fixed assets. This sum is not available to spend on council services.
Other	256	268	
Total liabilities	942	1,330	
Net assets	1,412	1,103	
Non-spendable reserves	1,304	979	Spendable reserves and balances of £124m include: £71m earmarked for specific items in the future including grants we have received for later years, £16m in balances held by individual schools, £14m towards capital investment and £7m for insurance purposes.
Spendable reserves	108	124	
Net worth	1,412	1,103	

Cash flow statement

The cash flow statement is one of the main financial statements contained within the accounts. Whilst for a commercial company this is important, it is less significant in a local authority context.

This statement has been reproduced below in a slightly more user-friendly format.

	£m		£m
Rents, council tax, business rates, government grants and cash received for other goods and services	794		
Capital receipts and contributions	57		
Interest received	1		
Liquid resources	28		
Cash in	880		
		Movement of cash 2009/10	13
Cash paid to and on behalf of employees	(391)		
Operating and other revenue costs	(374)		
Interest paid	(19)		
Capital spending	(77)		
Movement in loans and investments	(6)		
Cash out	(867)		

Spending plans for 2010/11 and beyond

In February 2010, the council agreed a three-year financial strategy to cover 2010/11 to 2012/13. The strategy sets out the council's spending plans for that period and expresses our financial commitment to the One Leicester vision and to Leicester's local area agreement.

Beyond 2010/11 a period of very substantial financial constraint will occur, and our spending will be reviewed in detail.

Notwithstanding the above our original spending plans for 2010/11 are set out in summary here – these figures are shown net of grant for specific purposes and other service-related income (such as fees and charges for sports facilities).

General fund service spending plans		General sources of finance	
	£m		£m
Children's services	73.4	Government grant	182.4
Adult services	85.0	Council tax	94.0
Housing	9.6	Use of reserves	1.7
Regeneration, culture & highways	73.3		
Central & support services	36.8		
Total net service expenditure	278.1	Total financing	278.1

The council's spending priorities

Although many of our services are required by law, we have a significant influence on how we prioritise our spending. One Leicester sets out priorities and plans to make Leicester a better place to live and our financial strategy supports this in a number of ways, including:

Theme	Spending priorities
Confident People	Continuing to fund the development of community meetings at ward level and giving residents a direct say in how money is spent. Substantial growth in adult care budgets to meet the growing needs of older and vulnerable people. This includes the continuing development of choice for the elderly in the way they receive their care, and the provision of new preventative services, as well as meeting higher levels of need. Retention of appropriate levels of funding for youth provision.
New Prosperity	Continuing substantial provision through the Building Schools for the Future initiative. Funding work to improve educational outcomes, particularly through investment in new laptops and initiatives to improve reading performance prior to secondary school. Funding the development of multi-access centres for improving adult skills and in helping workless adults to become members of the workforce.
Beautiful Place	Continued funding of city centre cleaning initiatives. One-off funding to improve facilities at parks, city centre Christmas decorations and help to refurbish De Montfort Hall.

Achieving value for money

We aim to get value for money in all our activities and we met the government efficiency savings target of £21m between 2005/06 and 2007/08.

Our 2010/11 budget contains a very substantial programme of efficiencies, aiming to secure £8m per annum by 2011/12, principally by re-organising internal support services and by getting better value from services procured from the private sector.

The substantial budget reductions facing the Council next year and beyond will significantly increase the need to get value-for-money, particularly if we are to minimise the impact of cuts on priority front line services.

Scope of Responsibility

Leicester City 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. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Leicester City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Leicester City Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

A copy of the code is on our website at <http://www.leicester.gov.uk/your-council-services/council-and-democracy/key-documents> or can be obtained from Customer Services.

This statement explains how Leicester City Council meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the City Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the City Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of internal control is a significant part of that 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 ongoing process designed to identify and prioritise the risks to the achievement of Leicester City 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.

The Governance Framework has been in place at Leicester City Council for the year ended 31 March 2010, and up to the date of approval of the accounts.

The Governance Framework

The Council has adopted a framework that includes arrangements for

- Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users

- The Council's and its partners' vision has been defined through the development of its Sustainable Community Strategy (One Leicester). This identifies the vision for the next twenty-five years and has been produced in collaboration with the Leicester Partnership.
- The corporate plan defines the Council's contribution to this strategy.
- Significant organisational and management changes have been introduced and are now well established. They directly align strategic management responsibilities with identified corporate objectives and priorities.
- Reviewing the Council's vision and its implications for the Council's governance arrangements
 - The Sustainable Community Strategy includes arrangements for continuing review of the vision and its associated governance arrangements.
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources
 - The Council has a performance management framework which links key corporate objectives with clear outcome measures that are subject to regular review by the Cabinet.
 - A review of Support Services is in progress and will address the need to align delivery of these functions to the new organisational structure thereby better supporting the achievement of the Council's objectives.
 - A new Resource Management System has been introduced and this is providing the opportunity to re-engineer support processes such as procurement and budget monitoring and thereby ensure the best use of resources.
 - Regular public satisfaction surveys are employed to test and measure user satisfaction.
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
 - Respective roles and responsibilities are defined within the Council's Constitution, together with delegation arrangements and protocols for effective communication.
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
 - The Council's Standards Committee has a remit to oversee adherence to relevant codes of conduct for members and officers, and its Audit and Risk Committee has overall responsibility for reviewing the effectiveness of governance arrangements including those related to adherence to standards of conduct.
- Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes and manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

- The Constitution is subject to regular review to ensure that it continues to meet the needs of the Council in relation to schemes of delegation, procedures and decision-making.
- A review as a result of the organisational changes referred to above has been completed.
- Finance and Contract Procedure Rules have been reviewed and updated.
- Ensuring the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on *The Role of the Chief Financial Officer in Local Government*.
 - The Council's Chief Finance Officer (CFO) is a member of the Strategic Management Board and plays a key role in helping it to develop and implement strategy to resource and deliver the authority's strategic objectives sustainably and in the public interest.
 - The CFO is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and there is alignment with the Council's overall financial strategy.
 - The CFO leads the promotion and delivery by the Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
 - The CFO leads and directs the finance function, which is resourced to be fit for purpose.
 - The CFO is professionally qualified and suitably experienced.
- Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.
 - The Council's Audit Committee has terms of reference that comply with CIPFA's guide. The latest review of the Effectiveness of the System of Internal Audit (approved by the Audit Committee on 31st March 2010), required under the Accounts and Audit Regulations, shows that this committee is effective and is contributing toward improving the internal control environment of the Council.
 - The Audit Committee, at its meeting on 31st March 2010, agreed to ask the Council to rename it as the Audit & Risk Committee in order to emphasise the growing importance of good risk management to the effective delivery of the Council's objectives.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and ensuring that expenditure is lawful
 - The system of internal control is based on a coherent accounting and budgeting framework including contract, finance and procurement procedure rules.
 - All key decisions are supported by financial and legal comments.
 - Internal Audit supports the Audit Committee by reviewing elements of the Council's system of internal control and reporting regularly thereon, thus helping the Council to satisfy itself that compliance with regulation and best practice is happening.

- Whistle-blowing and receiving and investigating complaints from the public
 - The Council has a Whistle-blowing Policy and during 2009-10 reconfirmed its support for an Anti-Fraud and Corruption Policy that makes a clear commitment to maintaining a zero tolerance of fraud and financial irregularity. The Anti-Fraud and Corruption Policy is reviewed annually to ensure that it continues to conform to best practice.
 - The Council's One Council, One Contact programme seeks to ensure that the interface between the Council and its clients is as effective as it should be. This is backed up by an established complaints procedure.
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
 - The Council has completed a radical review of its structure and service delivery infrastructure. The programme of change included attention to the associated needs both of members and officers.
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
 - This is being done through the Council's commitment to the Sustainable Community Strategy, which itself was developed with the benefit of open consultation with stakeholders and our strategic partners.
 - People's Panels have been established to facilitate engagement with stakeholders and the community in support of policy development and delivery.
- Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report *Governing Partnerships* and reflecting these in overall governance arrangements
 - The Council's major partnership is the Leicester Partnership. This body is charged with overseeing the arrangements for spending the Area-Based Grant and for delivering the outcomes set out in the Local Area Agreements. In turn this is set out within a comprehensive financial framework, to which the Partnership is committed.
 - The constitution of the Leicester Partnership has been reviewed as part of the Council's Organisational Development and Improvement Programme and the changes agreed by each partner.
 - Protocols for the financial management of the Leicester Partnership have been agreed.

Review of Effectiveness

The Council is committed to the maintenance of a system of Internal Control which:

- Demonstrates openness, accountability and integrity
- Monitors and reviews compliance with established policies, procedures, laws and regulations and effectiveness against agreed standards and targets
- Monitors and reviews the effectiveness of the operation of controls that have been put in place

- Identifies, profiles, controls and monitors all significant strategic and operational risks
- Ensures that the risk management and control process is monitored for compliance.

The framework through which the Council satisfies itself as to the effectiveness of its system of internal control takes, as its starting point, the Council's principal statutory and organisational objectives as set out in its Corporate Plan. From this are identified the key risks to the achievement of its (the Council's) objectives set out therein which in turn are recorded within risk registers.

The Audit Committee approved this Assurance Framework on 3rd February 2010.

The risks identified are subject to regular review and monitoring and appropriate controls identified to manage them.

The results of that review together with:

1. An independent review of the effectiveness of internal control carried out by the Council's Internal Audit section
2. A review of the Effectiveness of the System of Internal Audit
3. The External Auditor's Annual Audit Letter and Annual Governance Report which includes findings from the work of other inspection regimes, provide the core information for the preparation of the Annual Governance Statement.

Leicester City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Audit & Governance's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

An annual corporate governance review has been completed for 2009-10 and a report setting out the findings was considered by the Audit Committee on 20th May 2010 and the Cabinet on (21st June 2010). A copy of the report can be obtained from <http://cabinet.council.leicester.gov.uk/mgConvert2PDF.aspx?ID=20344>. Our well-established corporate governance code complies with CIPFA/SOLACE's guidance entitled Delivering Good Governance in Local Government and includes a self-assessment of compliance with the six core principles of good governance.

Significant Governance Issues

The control framework described above facilitates the identification of any areas of the Council's activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. Overall, it can be concluded that controls are operationally sound.

The areas where weaknesses have been identified are listed below, together with a brief summary of the action being taken or planned to make the necessary improvements.

Area of concern	Comment	Action planned
<p>Documentation and promulgation of and adherence to Corporate policies, procedures and requirements is variable.</p>	<p>This was identified as a weakness in the Statement on Internal Control for 2006-7, 2007-8 and 2008-9</p> <p>There is evidence of some improvements (especially in relation to Neighbourhood Housing Offices) but examples of variable compliance are still being uncovered, despite action taken to improve awareness through training.</p>	<p>The need to address this will be a major drive in 2010-11 and has the support of the Strategic Management Board. This will involve regular and focused reporting to Strategic Directors using the new organisational structure to its full effect.</p> <p>The Council-wide review of finance and development of new financial systems will seek to standardise processes and a role has been created in the new finance structure to lead Council wide compliance.</p> <p>The focus of Internal Audit planned work relating to regularity audits, is to change for 2010-11 with greater focus being placed on assessing management arrangements rather than Internal Audit acting in a quasi-management role. The extent to which this is possible will be influenced by the ability and willingness of management generally to take on the responsibilities involved.</p> <p>Recommendations made by Internal Audit are regularly followed up and their implementation monitored by the Audit Committee.</p>

Area of concern	Comment	Action planned
<p>Management and letting of Contracts</p>	<p>Audit work completed during 2009-10 indicates significant progress in addressing issues related to procurement of contracts whilst there is some evidence that the management of existing contracts still requires attention.</p> <p>Automation of the Procurement Process has commenced and will enforce a certain level of consistency. An accreditation programme for Procuring Officers should also pave the way to ensuring that the letting of contracts is improved.</p> <p>Some concerns remain, however, in relation to the management of contracts and the Internal Audit Contract Audit Plan for 2010-11 includes a number of contracts and procurement related audits to help provide assurance in relation to this area.</p>	<p>Internal Audit work in 2010-11 will include specific focus on contracts including verifying that previous improvements in the letting of contracts are being maintained.</p>
<p>A recent audit of payroll arrangements found</p> <ul style="list-style-type: none"> • A lack of evidence of formal management authorisation of starters and leavers on the payroll • No periodic confirmation of the payroll master-file by managers or budget holders. • Officers were unable to identify the relevant line-managers for a sample of starters and leavers selected for testing. 	<p>The External Auditor identified these issues in his Annual Audit and Inspection Letter for 2009-10.</p>	<p>Improved controls over the management of payroll master files coupled with the introduction of RMS and MyView now ensure that procedures are in place for managers to authorise and continuously monitor payroll information relating to their cost centres.</p> <p>In light of the above it is considered that this matter has been adequately addressed.</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: (Chief Executive) (Date)

Signed: (Leader) (Date)

Signed: (Chief Finance Officer) (Date)

Key target 2

Improving health outcomes by:

- 2.a. Reducing the rate of teenage conceptions per 1,000 from 50.1 to 29 by 2011 (LAA target) and 28.9 by 2013.
- 2.b. Reducing childhood obesity from 20.3% of Year 6 primary school age children in 2007/08 to 19% on 2012/13.

Change – added 2b.

Key target 5

Increase the percentage of young people achieving 5+ A* GCSEs (including English and Maths) from 39.9% to 52% in 2011 and to 65% by 2013.

Change – the target for 2011 has been changed from 53% to 52%.

Key target 12

Reduce recorded crime target is wrong as it is now counted in a different way. 2009/10 actual figure is 133, target for 2010/11 is a reduction of 25%.

Key target 16

Reduce the all-age all-cause mortality rate per 100k population – males from 850 to 665 by 2011 (LAA target) and to 663 by 2013; females from 598 to 484 by 2011 (LAA target) and to 482 by 2013 by:

- 16.a. reducing smoking
- 16.b. increasing physical activity
- 16.c. reducing alcohol harm

Change – added a, b, c.

Key target 20

Acknowledge the impact of the recession on the percentage of working age people on out of work benefit and amend LAA target to 17.6% by 2011 (previous performance – 08/09 – 16.2% 09/10 – 17.46%).

Change to wording and target.

Key target 25

Value for money: total net value of on-going cash releasing value for money gains of £37.4m by 2011.

Change – targets after 2011 deleted.