

Leicester  
City Council

**WARDS AFFECTED**  
All Wards

Cabinet

24<sup>th</sup> November 2003

---

**CORPORATE GOVERNANCE: ANNUAL REPORT FOR 2002/3**

---

**REPORT OF THE TOWN CLERK**

**1. PURPOSE OF REPORT**

The purpose of this report is to enable compliance with the requirements of the Council's Corporate Governance Code by carrying out an Annual Review of Corporate Governance arrangements for the year 2002/3, and to enable the Chief Executive to sign a Corporate Assurance Statement.

**2. SUMMARY**

An Annual Review of Corporate Governance arrangements has been carried out in consultation with lead officers responsible for all Key Policies and Procedures which form the Council's Corporate Governance Framework. The outcome is summarised in **Appendix 1**.

Corporate Directors' Board has reviewed the position and decided that the Annual Review should include scrutiny by the Finance, Resources and Equal Opportunities Scrutiny Committee prior to reporting to Cabinet. The Committee's comments are included in the report.

The overall picture is positive and considerable progress has been made. A number of areas of improvement are identified, but for each remedial action is shown. Based on this picture, the Chief Executive can agree and sign the necessary Corporate Assurance Statement.

**3. RECOMMENDATIONS**

Cabinet is asked to:

- Review the position and Assurance Statements submitted by lead officers.
- Note the position in respect of complaints to the ombudsman.
- Authorise the Town Clerk to finalise a Corporate Assurance Statement to be signed by the Chief Executive and Leader on behalf of the Authority.

**4. FINANCIAL AND LEGAL IMPLICATIONS**

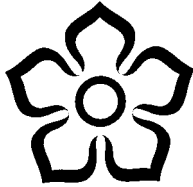
These are covered in the report. Named financial officer is Andy Morley, x7404

**5. REPORT AUTHOR**

Peter Nicholls, Service Director, Legal Services, x6302  
PGN/JC/89

**DECISION STATUS**

<b>Key Decision</b>	<b>No</b>
<b>Reason</b>	<b>N/A</b>
<b>Appeared in Forward Plan</b>	<b>No</b>
<b>Executive or Council Decision</b>	<b>Executive (Cabinet)</b>



Leicester  
City Council

**WARDS AFFECTED**  
All Wards

Cabinet

24<sup>th</sup> November 2003.

---

**CORPORATE GOVERNANCE: ANNUAL REPORT FOR 2002/3**

---

## **SUPPORTING INFORMATION**

### **1. REPORT**

#### **Corporate Governance Code**

In May, 2002, the Council approved and adopted a local Code of Corporate Governance which was seen to be consistent with the principles and reflected the requirements of the "CIPFA / SOLACE Framework, Corporate Governance in Local Government: A Keystone for Community Governance". A copy of the Code is available on the Council's web site.

CIPFA / SOLACE has defined Corporate Governance as "the system by which local authorities direct and control their functions and relate to their communities". The system needs to be able to demonstrate clearly:

- Openness and inclusivity
- Integrity
- Accountability

#### **Annual review**

There has been a need to establish arrangements to review and publish statements on the extent to which the Authority is complying with good practice, and on the operation and effectiveness of its Corporate Governance arrangements.

There is a need for annual consideration of the extent to which the Authority complies with the elements of Corporate Governance set out in the Code. A statement must be published setting out the extent of compliance and proposed actions to address non-compliance. Systems, processes and documentation will need to evidence compliance, and there is a need to identify those responsible for monitoring and reviewing systems, processes and documentation identified.

The Chief Executive was appointed as the officer responsible for signing off an "Annual Assurance Statement", together with the Leader of the Council.

The Town Clerk was appointed as the Board's "Corporate Governance Champion" i.e. the person who would act as the focal point for collating information from each nominated lead officer and reporting to the Board and Members on the outcome of the Annual Review, identifying where remedial action is required when non-compliance is indicated.

Oversight of the Council's corporate governance arrangements is a function of the Cabinet within the Finance and Resources "portfolio".

Lead officers have been appointed for all key policies and procedures, as set out below. They are responsible for satisfying themselves that the policies and procedures work properly in practice and must provide the necessary reports and assurance statements to the Town Clerk to enable the Annual Report to be co-ordinated.

<b>KEY POLICIES AND PROCEDURES</b>	<b>LEAD OFFICER</b>
Consultation strategy	Assistant Chief Executive
Performance management framework	Assistant Chief Executive
Project management	Corporate Director, RAD
Members' Code of Conduct and Political Conventions and Members support framework	Corporate Director, RAD
The Council Constitution	Service Director - Legal Services
Information Governance	Service Director - Legal Services
Community plan	Assistant Chief Executive
Communication strategy	Assistant Chief Executive
Partnership policies	Assistant Chief Executive
Effective Human Resource Policies	Service Director - Human Resources and Equalities
Whistle blowing	Service Director - Human Resources and Equalities
Code of Conduct (officers)	Service Director - Human Resources and Equalities
EMAS	Corporate Director of E,R&D
Procurement strategy	Chief Finance Officer
Contract Procedure Rules	Service Director - Legal Services
Anti-fraud and corruption	Chief Finance Officer
Risk management strategy	Chief Finance Officer
Effective administration of financial affairs (Finance Procedure Rules and associated guidance)	Chief Finance Officer
Health and safety policy	Service Director - Human Resources and Equalities

Considerable progress has been made since May, 2002 when the Code was adopted, and Leicester is likely to compare favourably with other authorities. However, to ensure the process is transparent and robust, there is a need for an Annual Review which needs to be a self-critical process in order to be effective.

This Annual Report was presented to Finance, Resources and Equal Opportunities Scrutiny Committee on the 4<sup>th</sup> September to enable the Committee to probe and check the information provided. Some Committee members raised a number of issues which they felt needed to be included and changes which needed to be made to the Constitution; specifically decisions delegated to officers, the use of the Political Conventions, the operation of the call-in procedure and a unanimous decision being

required by the triumvirate on decisions. The Committee noted that these comments would be summarised in this report to Cabinet and that these issues should be included as part of a report on the Constitution to the Procedures Working Party.

This Annual Review and the Assurance Statement produced will be scrutinised as part of the Comprehensive Performance Assessment process.

### **Assurance statements by lead officers for all key policies and procedures**

All lead officers have been asked to provide Assurance Statements in respect of the key policies and procedures for which they are responsible. Documentation received has varied in format and length, so, to facilitate analysis, attached shown as **Appendix 1** is a summary which is designed to highlight:

- Key potential risks
- Adequacy of processes
- Areas assured
- Improvement required and action planned

### **Corporate assurance statement**

Cabinet is asked to review the information provided to enable the Chief Executive to sign off a Corporate Assurance Statement, an example being shown as **Appendix 4**.

The Assurance Statement will need to identify both areas of non-compliance and action proposed over the coming year to address matters and further enhance Corporate Governance arrangements.

### **Areas where improvement is needed**

The main areas which need to be addressed are as follows:

- Consultation Strategy: there is a need to ensure improved quality of information.
- Information Governance: assurance cannot be given in respect of departmental responsibilities.
- Community Plan: targets not achieved include PSA targets.
- Partnership Policies: there is a need to demonstrate compliance with partnership guidelines.
- Procurement Strategy: there is a need to monitor implementation of an Improvement Plan and to carry out monitoring to ensure compliance within Departments.
- Contract Procedure Rules: again auditing is required to ensure compliance within departments; and there is a need to monitor to ensure adequate legal input into contract decisions.
- Risk Management Strategy: the Council is at an early stage of implementing risk registers and it is hoped that full assurance will be able to be given in 2004.
- Constitution: this needs to be reviewed to ensure it meets current organisational requirements.

- Health and Safety: assurance cannot be given in all areas, but action plans are designed to ensure adequate improvement and these are being monitored.
- Whistle Blowing Policy: whether or not assurance can be given will depend on the outcome of a recent DA audit.

All lead officers have set out an action plan to ensure improvements where needed. It is recommended that a Corporate Assurance Statement can be given, and that it be prepared based on the above setting out the remedial action being taken.

### **District Auditor**

The District Auditor has been consulted. He wishes to reserve his position, but general comments received have been positive, and this Annual Report is regarded as being a very useful mechanism.

### **Monitoring Officer issues**

The Town Clerk was given the Corporate Governance champion role mainly because of its similarity to his role as Monitoring Officer.

In recent years the Town Clerk has produced an Annual Monitoring Officer report for review by the Board and Cabinet, in the same way as this Annual Corporate Governance report. The report has been a voluntary arrangement designed to enable a proactive, more positive approach to implementing the Monitoring Officer statutory duties.

Many of the issues reviewed and highlighted in the previous voluntary Annual Monitoring Officer report are covered by this Corporate Governance report; so they have been merged.

The Monitoring Officer has not had the need to submit any formal statutory reports to Council.

### **Ombudsman complaints**

A Monitoring Officer issue which is not specifically identified in the Corporate Governance Framework is the position in respect of Local Government Ombudsman complaints. A summary of complaints received from April 1<sup>st</sup> 2002 to 31<sup>st</sup> March 2003 is attached as **Appendix 2**, including a comparison with the previous two years 2001/2.

There have been no findings of maladministration against the Council during 2002/3. Progress has been very positive in avoiding maladministration and the

Authority has a good working relationship with the Ombudsman's Office. This is not, therefore, an issue to be referred to in the Corporate Assurance Statement. However, the position needs to be kept under review in 2003/4.

Eleven complaints were closed as a "local settlement", i.e. where a complaint does not warrant a full investigation by the Ombudsman, or where it is not necessary to bring the matter to the public attention. In such cases, the Council can initiate a local settlement by taking action or agreeing to take action which the Ombudsman considers to be satisfactory in the circumstances. This can take the form of compensation or provide some other benefit for that person. A total of £700 compensation has been paid as a local settlement.

**Appendix 3** is a comparison table to Family Authorities for the years 2000/1, 2001/2 and 2002/3.

## **2. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **i. Financial Implications**

Covered in the report. Named financial officer Andy Morley, x7404

### **ii. Legal Implications**

Covered in the report.

### **iii. Other Implications**

<b>OTHER IMPLICATIONS</b>	<b>YES/NO</b>	<b>Paragraph references within supporting information</b>
Equal Opportunities	Yes	Eg. Consultation strategy policy
Policy	Yes	E.g partnership policy
Sustainable and Environmental	Yes	EMAS Policy
Crime and Disorder	Yes	E.g community strategy
Human Rights Act	Yes	E.g information governance

Elderly/People on Low Income	Yes	E.g community strategy
------------------------------	-----	------------------------

**3. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972**

Relevant legislation, national policies, the Council’s Corporate Code and Assurance Statement information.

**4. CONSULTATIONS**

There has been consultation with Corporate Directors’ Board, the District Auditor, Finance, Resources and Equal Opportunities Scrutiny Committee and all lead officers:

- Martyn Allison
- Peter Connolly
- Graham Feek
- Laurie Goldberg
- Ian McBride / Mike Powell
- Mark Noble
- Geoff Organ
- Charles Poole
- Liz Reid-Jones
- Austin Roberts
- Johanne Robbins
- Ed Smith
- Tom Stephenson

**5. REPORT AUTHOR**

Peter Nicholls, Service Director, Legal Services, x6302

**DECISION STATUS**

<b>Key Decision</b>	<b>No</b>
<b>Reason</b>	<b>N/A</b>
<b>Appeared in Forward Plan</b>	<b>No</b>
<b>Executive or Council Decision</b>	<b>Executive (Cabinet)</b>



**CORPORATE GOVERNANCE**

<b>PROCESS: Consultation strategy</b>		
<b>LEAD OFFICER: Assistant Chief Executive</b>		
<b>KEY RISKS:</b> <ol style="list-style-type: none"> <li>1. The established strategy is not appropriate to the Council's needs.</li> <li>2. The strategy and resultant policy guidance is not fully implemented by the Council's management and so used to drive up performance.</li> <li>3. The generation of poor quality information from consultation leads to poor decision making.</li> <li>4. The strategy is not given the appropriate level of leadership by the political and managerial executive.</li> </ol>	<b>AREAS ASSURED:</b>	1, 2 & 4
	<b>ADEQUACY OF PROCESS:</b>	Public consultation research group provides these alongside the consultation toolkit noting that quality management responsibility lies with those doing the consultation.
	<b>IMPROVEMENT REQUIRED AND ACTION PLANNED:</b>	Quality of consultation and its use - review of strategy and update of toolkit. Improving the use of consultation is through the new management competencies and culture change programme.

<b>PROCESS: Performance management framework</b>		
<b>LEAD OFFICER: Assistant Chief Executive</b>		
<b>KEY RISKS:</b> <ol style="list-style-type: none"> <li>1. The established framework is not appropriate to the Council's needs.</li> <li>2. The policy is not given the appropriate level of leadership by the political and managerial executive.</li> <li>3. The policy and resultant guidance is not fully implemented by the Council's management and so used to drive up performance.</li> <li>4. The generation of poor quality information within the framework leads to poor decision making.</li> <li>5. The framework does not interface correctly with other frameworks e.g. the Leicester Partnership</li> </ol>	<b>AREAS ASSURED:</b>	1 & 2
	<b>ADEQUACY OF PROCESS:</b>	Processes have been subject to audit and found to be sound.
	<b>IMPROVEMENT REQUIRED AND ACTION PLANNED:</b>	Implementation - improvement addressed within the Comprehensive Performance Assessment improvement plan. Work also required to ensure the interface with other frameworks.

<b>PROCESS: Project management</b>
------------------------------------

<b>LEAD OFFICER: Corporate Director RAD</b>		
<p><b>Key risks</b></p> <p>The principal risk is that major projects are not effectively managed, resulting in financial cost, service delivery problems, or legal challenge. The more specific risks are:</p> <ol style="list-style-type: none"> <li>1. New major projects are not identified resulting in adequate project management arrangements not being established.</li> <li>2. Project management standards for those leading projects are not adequately defined.</li> <li>3. Required project management standards are not complied with in significant respects.</li> <li>4. Professional support to those leading projects (particularly financial and legal) is not sufficient.</li> <li>5. Those leading projects are not sufficiently skilled.</li> </ol>	<p><b>AREAS ASSURED:</b></p>	<p>The framework for effective project management and for addressing the associated risks is fully in place. There is no known risk which has not been addressed.</p>
	<p><b>ADEQUACY OF PROCESS:</b></p>	<p>The principal risk is addressed by requiring compliance with corporate "Project Management Standards for Major Projects", which are supported by a training programme for project directors and managers. Prince 2 is an acceptable alternative to the standards for appropriate projects and managers.</p> <p>The specific risks have been addressed as follows:</p> <ol style="list-style-type: none"> <li>1. Corporate Directors' annual Assurance Statement.</li> <li>2. The Corporate Director of C&amp;NR ensures the provision of and monitors training.</li> <li>3. Internal Audit reviewed.</li> <li>4. Each Department has a procedure to identify major projects.</li> <li>5. The Chief Finance Officer and Service Director (Legal) to notify me of any apparent lack of professional support or significant failure to observe the corporate standards.</li> <li>6. Internal Audit will include an element of compliance testing in their annual audit programme.</li> </ol> <p>The Audit Commission was asked to review compliance with the corporate standards for the three highest risk projects and a sample of other projects. Their findings and recommendations were considered by SRG in June, 2003.</p>

	<b>IMPROVEMENT REQUIRED:</b>	<p>Improvements are required to address:</p> <ol style="list-style-type: none"> <li>1. Required improvements in the corporate standards.</li> <li>2. Whether a more substantial in-house project assurance and support function is required.</li> <li>3. How to improve continuously the standard of the project management and compliance with the corporate standards (current levels of non-compliance not being acceptable).</li> <li>4. How the Council's input to joint working with external agencies should be project managed.</li> </ol> <p>SRG have set up a task group to advise on these improvements which address the Audit Commission's recommendations. Their deadline is 31<sup>st</sup> October.</p>
--	------------------------------	---

**PROCESS: Members' Code of Conduct / Political Conventions and Members' support framework**

<b>LEAD OFFICER: Corporate Director RAD</b>		
<b>KEY RISKS:</b> <ol style="list-style-type: none"> <li>1. Members not sufficiently trained to enable them to make informed decisions (including specific training for Development Control Sub-Committee).</li> <li>2. Executive Members taking individual decisions not in accordance with the Constitutional arrangements (leading to potential maladministration).</li> <li>3. Members running into difficulty by way of conduct not in accordance with the Code (through lack of knowledge or appreciation).</li> <li>4. Members unable to carry out their duties, including constituency work, in an effective manner leading to undue personal stress, due to lack of support or lack of knowledge as to how to obtain support on surgery work.</li> <li>5. Members violate the provisions of the Members' Allowance Scheme.</li> </ol>	<b>AREAS ASSURED:</b>	All areas
	<b>ADEQUACY OF PROCESS:</b>	<p>A training and development programme for Members and necessary monitoring systems are in place.</p> <p>Further to the CPA report: a Member development programme has been fully documented and approved, to be readily accessible to all Members; and regular communication mechanisms are in place and felt to be of benefit to Members.</p> <p>The Standards Committee has taken on the role of being an Audit Committee for standards covering areas including Members' Code of Conduct / Political Conventions, register of Members' interests, training and complaints against Members.</p>
	<b>IMPROVEMENT REQUIRED:</b>	<p>Further briefing and training required relating to liquor licensing.</p> <p>The Constitution is in need of a review, especially given the new administration.</p>

<b>PROCESS: The Council's Constitution</b>		
<b>LEAD OFFICER: Service Director - Legal Services</b>		
<b>KEY RISKS:</b> <ol style="list-style-type: none"> <li>1. Failure to ensure the Constitution complies</li> </ol>	<b>AREAS ASSURED:</b>	Assurance can be given in all areas subject to the following improvement required.

<p>with legal requirements.</p> <p>2. Failure to ensure that the Constitution reflects the current administration's needs.</p> <p>3. Failure to ensure the Constitution is communicated and available for Members and officers.</p> <p>4. Failure by officers/ Members to comply with the Constitution's requirements leading to illegality or maladministration.</p>	<p><b>ADEQUACY OF PROCESS:</b></p>	<p>The Constitution has been reviewed and updated a number of times to meet corporate requirements; the current edition is available on the internet and in hard copy format to a restricted number of users.</p> <p>Training has been provided to Members and officers.</p> <p>The Constitution is kept under review by the Procedures Working Party, formerly the Organisation Working Party.</p>
	<p><b>IMPROVEMENT REQUIRED:</b></p>	<p>There is a need to review the current Constitution to ensure that it meets the new administration's requirements, and following this there will be a need for further publication and training for officers and members.</p>

<b>PROCESS: Information governance</b>		
<b>LEAD OFFICER: Service Director - Legal Services</b>		
<p><b>KEY RISKS:</b></p> <p>1. Legislative non-compliance with the associated penalties.</p> <p>2. Information becomes corrupt and incorrect</p>	<p><b>AREAS ASSURED:</b></p>	<p>Assurance can be given in respect of DPA, FOIA functions etc handled by the ICT Contracts and Security Team, but assurance cannot be given in respect of departmental responsibilities.</p>

<p>decisions are made.</p> <p>3. Information is not available when it is needed.</p> <p>4. The policy is not followed.</p> <p>5. Staff are inadequately trained and/or are not aware of their responsibilities.</p> <p>6. The policy is not given the appropriate level of leadership by the political and managerial executive.</p> <p>7. Professional support is insufficient.</p>	<b>ADEQUACY OF PROCESS:</b>	Annual departmental confirmation of compliance or otherwise.
	<b>IMPROVEMENT REQUIRED:</b>	<ol style="list-style-type: none"> <li>1. Lack of standard proforma - under consultation. Implement 2004.</li> <li>2. Lack of information retention and deletion policy - under consultation. Implement 2004.</li> <li>3. Departmental ownership. SRG report 220703 agreed new areas of responsibility. Implementation timetable being agreed.</li> <li>4. Inadequate financing: Departmental responsibilities agreed as part of above SRG report; CSG - bid due this year.</li> <li>5. Lack of information management policy - under consultation.</li> <li>6. Lack of information management strategy - to be developed by 31<sup>st</sup> December, 2003.</li> </ol>

<b>PROCESS: Community plan</b>		
<b>LEAD OFFICER: Assistant Chief Executive</b>		
<b>KEY RISKS:</b>	<b>AREAS ASSURED:</b>	Recent annual report for 2002/3: 73% of targets achieved. Targets not achieved include PSA targets which is significant.
<ol style="list-style-type: none"> <li>1. Failure to meet Community Plan Action Plan targets.</li> </ol>		

<p>2. Some of these targets are the PSA targets so there are financial risks of non-achievement i.e. the loss of performance reward grant in 2005/6.</p> <p>3. Change of priorities by partners.</p>	<p><b>ADEQUACY OF PROCESS:</b></p>	<p>Action plan targets are monitored annually and reported to the Leicester Partnership in June/July. Some of the targets are outwith the control or responsibility of the City Council. 81% of the targets were met in year 2001/2.</p> <p>Targets which are the responsibility of the City Council are monitored in the same way other performance indicators are managed, i.e. through Corporate Directors' Board and on to Members.</p> <p>PSA targets are also audited by the District Auditor and progress reporting is carried out annually with lead officers.</p> <p>Checks are undertaken through the monitoring and reporting process. Evidence is through departmental returns on performance indicator data and through the auditing process.</p> <p>Annual cycle of reporting.</p>
	<p><b>IMPROVEMENT REQUIRED:</b></p>	<p>Improvements to be identified in a report to Corporate Directors' Board on 2<sup>nd</sup> September, Leicester Partnership on the 4<sup>th</sup> September.</p>

<p><b>PROCESS: Communications strategy</b></p>		
<p><b>LEAD OFFICER: Assistant Chief Executive</b></p>		
<p><b>KEY RISKS:</b> The proposed communications strategy is not delivered within the April 2004 target.</p>	<p><b>AREAS ASSURED:</b></p>	Project is on target
	<p><b>ADEQUACY OF PROCESS:</b></p>	Project is underway
	<p><b>IMPROVEMENT REQUIRED:</b></p>	The Head of Communications is currently developing a communications strategy as part of a major communications and marketing improvement project.

<p><b>PROCESS: Partnership Policies</b></p>		
<p><b>LEAD OFFICER: Assistant Chief Executive</b></p>		
<p><b>KEY RISKS:</b> 1. Failure to work as an</p>	<p><b>AREAS ASSURED:</b></p>	Based on the information below, assurance cannot be given.

<p>effective partner.</p> <p>2. Failure to fulfil the Council's community leadership role.</p> <p>3. Failure to sufficiently safeguard the Council's legal, financial and other interests as a member of any partnership.</p>	<b>ADEQUACY OF PROCESS:</b>	The Council has produced partnership guidelines which have been the subject of external audit. In a report dealing with Local Public Service Agreements, July 2003, the District Auditor has criticised the Council for not applying its partnership guidelines and recommends that effective steps are taken to ensure that they are.
	<b>IMPROVEMENT REQUIRED:</b>	Ensure that the current guidelines are sufficiently communicated and applied, and review the guidelines to ensure that they suit temporary needs.

<b>PROCESS: Effective Human Resources Policy</b>		
<b>LEAD OFFICER: Service Director - Human Resources &amp; Equalities</b>		
<p><b>KEY RISKS:</b></p> <p>1. Failure to establish an effective HR policy to suit current operational needs.</p> <p>2. Non-compliance.</p>	<b>AREAS ASSURED:</b>	Assurance can be given based on information below.
	<b>ADEQUACY OF PROCESS:</b>	<p>During the year, and following consultation with the Council's departments, a Human Resources Strategy was introduced which determines the nature and direction of human resource activity in the organisation. This was agreed by Cabinet.</p> <p>In the light of this, a programme of work was set out which required named individuals to take a policy matter or area of activity of the Council, review it and introduce a new or revised policy as required, subject to approval in the normal way. The programme is regularly reviewed and priority is given to areas of concern or which are affected by legislation.</p>
	<b>IMPROVEMENT REQUIRED:</b>	None identified.

<b>PROCESS: Whistle blowing</b>		
<b>LEAD OFFICER: Service Director - Human Resources and Equalities</b>		
<p><b>KEY RISKS:</b></p> <p>1. Failure to ensure that the</p>	<p><b>AREAS ASSURED:</b></p>	This will depend on the outcome of a recent DA audit.



<p>policy complies with the law and current operational requirements.</p> <p>2. Failure to ensure that the policy is communicated and implemented.</p>	<p><b>ADEQUACY OF PROCESS:</b></p>	<p>A whistle blowing procedure has existed for some time and the Council's employees were advised of it on 8<sup>th</sup> December, 1999 by personal copy. They were reminded of it on 13<sup>th</sup> November 2002. In the absence of any criticism or concern it was considered that the procedure was adequate for its purpose and experience shows that a range of calls are received through the procedure by the Audit Investigations Team. A questionnaire has recently been completed on behalf of District Audit, setting out the Council's policy in this matter and the response of the District Auditor to this and the replies of other Councils is awaited before further action is contemplated. The policy and procedure can be viewed on the Intranet.</p>
	<p><b>IMPROVEMENT REQUIRED:</b></p>	<p>There is a need for regular review of the policy and improvements may be required depending on the outcome of the audit.</p>

<p><b>PROCESS: Code of Conduct (officers)</b></p>		
<p><b>LEAD OFFICER: Service Director - Human Resources and Equalities</b></p>		
<p><b>KEY RISKS:</b></p> <p>1. Failure to ensure that the Code of Conduct reflects legal requirements or current operational needs.</p> <p>2. Failure to ensure the Code of Conduct is communicated or complied with.</p>	<p><b>AREAS ASSURED:</b></p>	<p>Assurance given.</p>
	<p><b>ADEQUACY OF PROCESS:</b></p>	<p>An extensive Code of Conduct has existed for some time in the Council and the Council's employees were advised of it on 8<sup>th</sup> December, 1999 by personal copy. They were reminded of it on 13<sup>th</sup> November, 2002. The Code has been found to work well and there has been no criticism that its provisions are not apparent to employees or that there is concern over interpretation. A national code has been anticipated for some 2-3 years, but is not yet published. When this is to hand the local code will be reviewed and amended when necessary. It is not considered appropriate to undertake work in this area pending receipt of the national version which will, of necessity, require work to be undertaken.</p>
	<p><b>IMPROVEMENT REQUIRED:</b></p>	<p>There is a need for regular review, especially following publication of a new national code.</p>

<p><b>PROCESS: EMAS</b></p>
-----------------------------

<b>LEAD OFFICER: Corporate Director of ER&amp;D</b>		
<b>KEY RISKS:</b> Failure to satisfy external verifiers in November 2003.	<b>AREAS ASSURED:</b>	There were no non-conformities raised during the June 2003 verification process, but improvement notes were issued in the areas below.
	<b>ADEQUACY OF PROCESS:</b>	<p>Leicester City Council is registered for Eco Management and Audit Scheme (EMAS) and as part of this scheme LCC is committed to best environmental practice and environmental legislation compliance.</p> <p>EMAS is audited through a 3 year internal audit programme which is available from both internal audit in RAD and the environment team in ER&amp;D. In addition it is externally audited by external verifiers currently Lloyds Register Quality Assurance (LRAQ).</p> <p>The last verification took place in June 2003 and resulted in the Council being re-registered for EMAS.</p>

	<p><b>IMPROVEMENT REQUIRED:</b></p>	<p>Improvement is required to ensure that LCC can demonstrate conformance to its environmental policy commitment to prevention of pollution.</p> <p>Interface arrangements within LCC between landlord and tenant require improvement to ensure that roles, responsibilities and authorities are defined, documented and communicated in order to facilitate effective environmental management. As communications form an essential element in this process, improvement to existing procedures are required to ensure that effective communication exists between various functions of LCC.</p> <p>Improvement is required in conforming to the LCC environmental policy commitment to legal compliance and periodic evaluation of compliance with all relevant environmental legislation.</p> <p>The Authority will address these before the external verifiers visit again in November 2003.</p> <p>A further improvement note concerning targets on construction material is currently being discussed with LRQA and if agreed will be addressed within a timescale agreed with LRQA.</p>
--	-------------------------------------	--

**PROCESS: Procurement strategy**

**LEAD OFFICER: Chief Finance Officer**

**KEY RISKS:**  
Failure to protect the Council's financial and legal interests, and failure to maximise purchasing power.

**AREAS ASSURED:**

Testing work was carried out by the Corporate Procurement Team, which identified significant levels of purchasing outside of standard regulated contracts.

A programme of compliance monitoring is anticipated as a later phase of the corporate procurement improvement plan. In the meantime, it is not possible to give assurance that the procurement strategy is being complied with. The Corporate Procurement Team maintains a database of contracts entered into by the Council as a whole.

**ADEQUACY OF PROCESS:**

See next page

	<p><b>ADEQUACY OF PROCESS:</b></p>	<p>The assurance statement is given in the light of current knowledge and fairly limited compliance checking. The main conclusions of a recent District Auditor review are as follows:</p> <p>The Council responded positively to the Audit Commission Inspection Service (ACIS) judgment in February 2001 on their Procurement arrangements during 2001 and this was recognised by ACIS in January 2002 when the judgment of prospects was revised from “unlikely to improve” to “probably going to improve”.</p> <p>The Council uses the Corporate Procurement Improvement Plan to deliver improvements in procurement, monitored by the Corporate Procurement Team (CPT) and reports to the Strategic Resources Group (SRG). Progress towards targets is recorded and reported formally to the Best Value Members Working Party on a quarterly basis. There have been some important successes during 2002:</p> <ul style="list-style-type: none"> <li>▪ The CPT has been established and undertaken a range of important developments.</li> <li>▪ A detailed code of practice and toolkit has been developed with training provided.</li> <li>▪ A partial database of Council contracts has been set up.</li> <li>▪ Two framework contracts have been agreed that may deliver significant savings.</li> </ul>
	<p><b>IMPROVEMENT REQUIRED:</b></p>	<p>The Auditor’s report identified some less successful areas which have all been included in the current Improvement Plan, particularly in relation to organisational barriers and certain elements of the Procurement Plan. The Council will need to monitor the new plan rigorously to ensure that improvements are delivered and weaknesses addressed.</p> <p>Consideration ought to be given to proceeding with compliance auditing.</p>

**PROCESS: Contract Procedure Rules**

<b>LEAD OFFICER: Service Director - Legal Services</b>		
<b>KEY RISKS:</b> <ol style="list-style-type: none"> <li>1. Failure to ensure CPRs comply with the law and current organisational needs.</li> <li>2. Insufficient awareness / access by officers / members.</li> <li>3. Failure to comply leading to financial losses, breach of law.</li> <li>4. Failure by departments to comply with departmental responsibilities under the rules.</li> <li>5. Failure by departments to use legal services where required.</li> <li>6. Failure by decision makers, whether Cabinet or officers, to take into account legal implications when considering whether to enter into a contract.</li> </ol>	<b>AREAS ASSURED:</b>	Compliance can be assured in respect of contracts handled by Legal Services, but assurance cannot be given in respect of contracts handled and managed within departments.
	<b>ADEQUACY OF PROCESS:</b>	CPRs are regularly reviewed e.g. 2002, and can be accessed via the Intranet and on hard copy. Review is in consultation with users e.g. Corporate Procurement Group. Training has been provided. Legal Services has a specialist team dealing with contract work. This has a good relationship with the corporate Procurement and Business Team, which now monitors EC procurement. All contracts referred to Legal Services identify the necessary authority.
	<b>IMPROVEMENT REQUIRED:</b>	CPRs are due for a review, updated and simplified. A further training programme is required. Further audit work is required to ensure compliance within departments. Measures designed to ensure legal input into decision making by Cabinet need to be closely monitored.

<b>PROCESS: Anti-fraud and corruption</b>
<b>LEAD OFFICER: Chief Finance Officer</b>

<b>KEY RISKS:</b> Failure to identify and tackle fraud and corruption.	<b>AREAS ASSURED:</b>	Reasonable assurance can be given as to the operation of the Council in addressing fraud and corruption.
	<b>ADEQUACY OF PROCESS:</b>	<p>The Council has adopted an updated anti-fraud and corruption policy and strategy, which identifies the roles and responsibilities of members, Directors, employees and Internal audit for dealing with the prevention, detection, deterrence and prosecution of fraud and corruption affecting the Council's activities.</p> <p>New prosecution and investigation policies have also been adopted and the Council received a clean assessment as a result of an inspection by the Office of the Surveillance Commissioner.</p> <p>A plethora of financial controls exist to prevent fraud.</p>
	<b>IMPROVEMENT REQUIRED:</b>	Ongoing review and risk assessment to build into future audit plans.

<b>PROCESS: Risk management strategy</b>		
<b>LEAD OFFICER: Chief Finance Officer</b>		
<b>KEY RISKS:</b> Failure to develop and implement an effective strategy.	<b>AREAS ASSURED:</b>	Given the limited progress made it is not possible to give formal assurance with regard to risk management.
	<b>ADEQUACY OF PROCESS:</b>	<p>The Council adopted a revised corporate risk management strategy during this year. The policy includes a standard framework for the identification, assessment and documentation of key strategic and operational risks.</p> <p>A tentative start has been made in establishing processes for embedding risk management within the Council; by way of pilot exercises within Social Care and Health and RAD.</p>

	<b>IMPROVEMENT REQUIRED:</b>	<p>Future development work is now planned to complete the process by the end of 2003/4 using the pilot methodology and to establish processes for the risk manager to satisfy herself that once identified, key risks are controlled and documented in accordance with the risk management strategy.</p> <p>This will include development of risk registers and risk profiling within each department and development of subsequent monitoring arrangements to measure effectiveness of risk management.</p>
--	------------------------------	--

<b>PROCESS: Effective administration of financial affairs</b>		
<b>LEAD OFFICER: Chief Financial Officer</b>		
<b>KEY RISKS</b> <ol style="list-style-type: none"> <li>1. Incorrect monies paid out.</li> <li>2. Sums due not received.</li> <li>3. Inadequate keeping of financial records.</li> </ol>	<b>AREAS ASSURED:</b>	<p>Reasonable assurance on the effectiveness of the system of financial control can be derived from the Internal Audit work on the main financial systems in 2002/3, and from the operation of the considerable number of existing controls.</p> <p>In most cases, systems are operating soundly, but some weaknesses needing attention are a common finding in this (and any) organisation. Processes exist (including the role of committee) to ensure that recommendations to resolve weaknesses are followed up.</p>
	<b>ADEQUACY OF PROCESS:</b>	<p>Significant existing effort is geared towards ensuring the regularity of financial transactions.</p>
	<b>IMPROVEMENT REQUIRED:</b>	<p>Further development work will take place on the submission of routine standard assurances from departmental Heads of Finance with regard to day to day operation of financial systems.</p>

<b>PROCESS: Health and Safety</b>
<b>LEAD OFFICER: Service Director - Human Resources and Equalities</b>



<b>KEY RISKS</b> Non-compliance with statutory and Council policy and standards.	<b>AREAS ASSURED:</b>	The Council has a corporate Health and Safety Action Plan which is subject to regular monitoring, review and evaluation. In addition each department is required to have their own departmental H&S Action Plan. This again is subject to regular monitoring, review and evaluation.
	<b>ADEQUACY OF PROCESS:</b>	<p>A framework is in place, subject to regular monitoring and review. This has helped to identify necessary improvements. Improvements to asbestos management are underway, along with strengthening of the corporate capacity through the recruitment of a new Head of Health and Safety.</p> <p>Current formal 6 months monitoring is being reviewed with a proposal to conduct formal corporate 12 months review and evaluation with each department. The corporate capacity of Health and Safety is current being strengthened following Best Value review of the Service.</p>
	<b>IMPROVEMENT REQUIRED:</b>	<p>Action Plans have helped to identify particular areas for improvement.</p> <p>This includes actions as necessary following a Corporate audit of our Asbestos Action Plan.</p> <p>Corporate Capacity is being strengthened through the recruitment of a new Head of Health and Safety.</p>

**APPENDIX 2**

**LOCAL GOVERNMENT OMBUDSMAN COMPLAINTS**

<b>COMPLAINTS RECEIVED</b>			
	<b>00/01</b>	<b>1/2</b>	<b>02/03</b>
<b>Complaints received</b>	<b>97</b>	<b>103</b>	<b>117</b>
<b>Complaints closed</b>	<b>87</b>	<b>94</b>	<b>98*</b>
<b>Complaints closed – less premature</b>	<b>69</b>	<b>67</b>	<b>76**</b>
<b>Complaints open at year end 31 March 2002</b>	<b>10</b>	<b>9</b>	<b>22</b>

\*Subject to confirmation against figures to be supplied by the Local Government Ombudsman

\*\*Premature complaints – the LGO gives us the opportunity to put the complaint through our 3 Stage complaint procedure. The LGO no longer include premature complaints in their published statistics for local authorities. Premature complaints have been included in these results for ease of comparison against previous years.

	<b>00/01</b>	<b>½</b>	<b>02/03</b>
Cultural Services & neighbourhood Renewal	5 (6)	1 (1%)	4 (4%)
Chief Executive	2 (2%)	1 (%)	0
Environment Regeneration & Development	16 (18%)	25 (26%)	21 (21%)
Education & Lifelong Learning	7 (8%)	5 (5%)	5 (5%)
Housing	47 (54%)	54 (60%)	52 (54%)
Resources Access & Diversity	4 (5%)	5 (5%)	5 (5%)
Social Care & Health	5 (6%)	3 (3%)	11 (11%)
Resources Access & Diversity & Housing	1 (1%)	0	0
<b><u>TOTAL</u></b>	<b>87</b>	<b>94</b>	<b>98</b>

**\* complaints described as Ombudsman's Discretion are those which**

<b>LOCAL GOVERNMENT OMBUDSMAN COMPLAINTS</b>			
<b>BREAKDOWN OF OUTCOMES</b>			
	<b>00/01</b>	<b>01/02</b>	<b>02/03</b>
No Maladministration	26(30%)	36(38%)	44(45%)
Local Settlement	24(27%)	15(16%)	11(11%)
Outside Jurisdiction	10(11%)	11(12%)	17(17%)
Ombudsman's Discretion*	5(6%)	5(5%)	4(4%)
Premature	18(21%)	27(29%)	22(23%)
Discontinued/Withdrawn	0	0	0
Maladministration found	4(5%)*	0	0
<b>Total</b>	<b>87</b>	<b>85</b>	<b>98</b>

**have been terminated for reasons other than that there was no evidence of Maladministration or that the complaint was locally settled. For example a complaint might be terminated because the complainant wishes to withdraw his/her complaint.**

<b>LOCAL GOVERNMENT OMBUDSMAN COMPLAINT OUTCOMES BY DEPARTMENT 2002/2003</b>								
	<b>NM</b>	<b>LS</b>	<b>OJ</b>	<b>OD</b>	<b>MI</b>	<b>P</b>	<b>W</b>	<b>TOTAL</b>
Cultural Services & Neighbourhood Renewal	1	0	3	0	0	0	0	4
Chief Executive's Office	0	0	0	0	0	0	0	0
Education & Lifelong Learning	2	1	0	1	0	1	0	5
Environment Regeneration & Development	16	0	0	0	0	4	0	21
Housing	18	9	8	1	0	1	0	52
Social Care & Health	7	1	1	1	0	1	0	11
Resources Access & Diversity	0	0	5	0	0	0	0	5

NM No Maladministration

LS Local settlement

OJ Outside Jurisdiction

OD Ombudsman Discretion

MI Maladministration & Injustice

P Premature (opportunity to put the complainant through our 3 stage complaint procedure **NOT** recorded in the Ombudsman's year end figures.

**Complaints – Findings of Maladministration  
Comparison Table of Family Authorities**

<b>Authority</b>	<b>00/01</b>		<b>01/02</b>		<b>02/03</b>	
	Total no of complaints	Findings of maladministration	Total no of complaints	Findings of maladministration	Total no of complaints	Findings of maladministration
Leicester	97	0	67	0	76	0
Birmingham	262	1	410	0	368	0
Blackburn with Darwin	22	0	17	0	31	1
Bolton	41	0	37	0	57	0
Bradford	126	0	90	1	131	2
Bristol	68	1	79	2	65	0
Coventry	60	0	41	0	46	0
Derby	32	2	39	0	44	0
Dudley	53	0	54	0	45	2
Kingston-upon-Hull	77	0	81	0	81	0
Nottingham	66	2	91	3	105	0
Plymouth	51	3	88	0	118	4
Portsmouth	32	0	34	1	51	0
Southampton	34	0	38	0	34	0
Wolverhampton	30	0	54	0	37	0

**SPECIMEN ASSURANCE STATEMENT**

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, efficiency and effectively. In discharging this accountability members and senior officers are responsible for putting into place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal.

To this end the Council has approved and adopted a local Code of Corporate Governance which is consistent with the principles and reflects the requirements of the *CIPFA / SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance*. A copy of the Code is on our website at [www.leicester.gov.uk](http://www.leicester.gov.uk) or can be obtained from.....

During the year, the Council has started to put into place improved management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically it has adopted a risk management strategy, which will be implemented over the coming period. The Town Clerk has been given responsibility for:

1. Overseeing the implementation and monitoring of the operation of the Code.
2. Reviewing the operation of the Code.
3. Reporting annually to the Cabinet on compliances with the Code and any changes necessary to maintain and ensure its effectiveness in practice.

We report that there are several areas of the Code that are not yet in place. The main areas of non-compliance are:

- 1.
- 2.
- 3.
- 4.

We propose over the coming year to take steps to address the above matters to further enhance our corporate governance arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our first annual review and will review their implementation and operation as part of our next annual review.

Signed..... Chief Executive, Leader et al.