

Leicester
City Council

WARDS AFFECTED
All Wards

**Resources and Equal Opportunities
Scrutiny Committee
Cabinet**

**16th September 2004
27th September 2004**

CORPORATE GOVERNANCE: ANNUAL REPORT FOR 2003/4

REPORT OF THE DIRECTOR OF RESOURCES, ACCESS AND DIVERSITY

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 2003/4, and to enable the Council's Leader and 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**.

3. RECOMMENDATIONS

Resources and Equal Opportunities Scrutiny Committee is asked to review the current position as summarised in this Annual Report and to forward any comments to Cabinet for consideration.

Cabinet is recommended to:

- i) Review the current position as summarised in this Annual report, together with any comments received from Resources and Equal Opportunities Scrutiny Committee, and
- ii) Authorise the Service Director (Legal Services) to finalise a form of Corporate Assurance Statement to be signed by the Council's Leader and Chief Executive, and to be published on the Council's website.

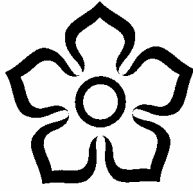
4. **HEADLINE FINANCIAL AND LEGAL IMPLICATIONS**

Covered in the report.

5. **REPORT AUTHOR**

Peter Nicholls, Service Director (Legal Services), x6302

PGN/JC/348



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CORPORATE GOVERNANCE

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.

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.

KEY POLICIES AND PROCEDURES	LEAD OFFICER
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 Regeneration and
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

This is the second annual review, the first being for 2002/3.

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

Oversight of the Council's corporate governance arrangements is a function of Cabinet within its terms of reference relating to Finance and Resources.

The District Auditor has commented very positively about the Corporate Governance Framework which has been established, and is likely to use the annual report to inform the District Auditor's programme of work for the authority in 2004/5.

The annual review and Assurance Statements produced will be scrutinised as part of the Comprehensive Performance Assessment process.

Complaints to the Ombudsman

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 Local Government Ombudsman complaints received from April 1 2003 to 31 March 2004 is attached as Appendix 2 including a comparison with the previous two years 2001/02 & 2002/03.

Two reports of Maladministration causing Injustice have been published by the Ombudsman against the Education & Lifelong Learning Department with a recommendation of compensation and a review of policy. The Education & Lifelong Learning Department is taking appropriate action to ensure that Maladministration is not repeated in the circumstances of these cases.

Twenty-seven complaints were closed as “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 £11,02.91 compensation has been paid out which incorporates £5,771.91 as Local Settlement.

Appendix 3 is a comparison table of Family Authorities for the years 2001/2002, 2002/2003 and 2003/2004.

2. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

i. Financial Implications

Covered in the report.

ii. Legal Implications

Covered in the report.

iii. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph references Within supporting information
Equal Opportunities	Yes	E.g 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

Martyn Allison, Carol Brass, Laurie Goldberg, Ian McBride, Mark Noble, Charles Poole, Mike Powell, Liz Reid Jones, Johanne Robbins, Ed Smith, Tom Stephenson, Corporate Directors' Board, Adrian Bennett (District Audit).

5. REPORT AUTHOR

Peter Nicholls, Service Director (Legal Services), x6302

CORPORATE GOVERNANCE

PROCESS: Consultation strategy		
LEAD OFFICER: Assistant Chief Executive		
POTENTIAL KEY RISKS: <ol style="list-style-type: none"> 1. The established strategy is not appropriate to the Council's needs. 2. The strategy and resultant policy guidance is not fully implemented by the Council's management and so used to drive up performance. 3. The generation of poor quality information from consultation leads to poor decision making. 4. The strategy is not given the appropriate level of leadership by the political and managerial executive. 	AREAS ASSURED: 1, 2 & 4	
	ADEQUACY OF PROCESS:	Public consultation research group provides these alongside the consultation toolkit noting that quality management responsibility lies with those doing the consultation.
	IMPROVEMENT REQUIRED AND ACTION PLANNED AS REPORTED TO CABINET ON 24.11.03:	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.

CURRENT POSITION:

The consultation toolkit has been revised and relaunched giving guidance on all aspects of consultation and participation. It is available on the intranet site.

PROCESS: Performance management framework**LEAD OFFICER: Assistant Chief Executive**

POTENTIAL KEY RISKS: 1. The established framework is not appropriate to the Council's needs. 2. The policy is not given the appropriate level of leadership by the political and managerial executive. 3. The policy and resultant guidance is not fully implemented by the Council's management and so used to drive up performance. 4. The generation of poor quality information within the framework leads to poor decision making. 5. The framework does not interface correctly with other frameworks e.g. the Leicester Partnership	AREAS ASSURED:	1 & 2
	ADEQUACY OF PROCESS:	Processes have been subject to audit and found to be sound. The new Corporate Plan needs to be embedded in the service planning and budget planning process.
	IMPROVEMENT REQUIRED AND ACTION PLANNED AS REPORTED TO CABINET ON 24.11.03:	Implementation - improvement addressed within the Comprehensive Performance Assessment improvement plan. Work also required to ensure the interface with other frameworks.

CURRENT POSITION:

The performance management framework has been overhauled, approved by SRG and Corporate Directors' Board. This includes an interim review of the service planning framework. The final version of the service planning framework is subject to the pilot currently being undertaken in the learning disabilities service in SC&H. It remains for these changes to be implemented departmentally.

PROCESS: Project management

LEAD OFFICER: Corporate Director RAD

Potential Key risks

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:

1. New major projects are not identified resulting in adequate project management arrangements not being established.
2. Project management standards for those leading projects are not adequately defined.
3. Required project management standards are not complied with in significant respects.
4. Professional support to those leading projects (particularly financial and legal) is not sufficient.
5. Those leading projects are not sufficiently skilled.

AREAS ASSURED:

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. This area is now fully assured.

ADEQUACY OF PROCESS:

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.

The specific risks have been addressed as follows:

1. Corporate Directors' annual Assurance Statement.
2. The Corporate Director of C&NR ensures the provision of and monitors training.
3. Internal Audit reviewed.
4. Each Department has a procedure to identify major projects.
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.
6. Internal Audit will include an element of compliance testing in their annual audit programme.

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>IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03</p>	<p>Improvements are required to address:</p> <ol style="list-style-type: none"> 1. Required improvements in the corporate standards. 2. Whether a more substantial in-house project assurance and support function is required. 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). 4. How the Council's input to joint working with external agencies should be project managed. <p>SRG have set up a task group to advise on these improvements which address the Audit Commission's recommendations. Their deadline is 31st October.</p>
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CURRENT POSITION:

Improvements have been made since the last report:

- The Council (via SRG) has adopted PRINCE 2 as its project management methodology, in place of its locally developed standards. This single step, will address virtually all of the remaining areas requiring assurance, as set out in the Audit Commission's 2003 audit.
- The PRINCE 2 is being "localised" to the Council's decision-making arrangements. This will ensure that a familiar and internationally recognised system, with readily available training, can be used flexibly for any size and type of project, according to local circumstances.
- A sample internal audit showed significantly greater compliance with project management standards, with no recommendation for improvement being required.
- Internal Audit has built into their annual programme for testing of project management arrangements.

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

LEAD OFFICER: Corporate Director RAD

<p>POTENTIAL KEY RISKS:</p> <ol style="list-style-type: none"> 1. Members not sufficiently trained to enable them to make informed decisions (including specific training for Development Control Sub-Committee). 2. Executive Members taking individual decisions not in accordance with the Constitutional arrangements (leading to potential maladministration). 3. Members running into difficulty by way of conduct not in accordance with the Code (through lack of knowledge or appreciation). 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. 5. Members violate the provisions of the Members' Allowance Scheme. 	<p>AREAS ASSURED:</p> <p>ADEQUACY OF PROCESS:</p>	<p>All areas</p> <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>
	<p>IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:</p>	<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>

CURRENT POSITION:

Training and briefing of Members' on the new liquor licensing provisions has taken place. A Members Development Forum is currently being established to provide Member direction to the overall training and development of Members.

The Constitution and the Political Conventions are regularly reviewed and updated as required. This was recently done for the Constitution and Conventions updates are about to be brought forward. Both remain fundamentally sound.

PROCESS: The Council's Constitution

LEAD OFFICER: Service Director - Legal Services

POTENTIAL KEY RISKS: <ol style="list-style-type: none">1. Failure to ensure the Constitution complies with legal requirements.2. Failure to ensure that the Constitution reflects the current administration's needs.3. Failure to ensure the Constitution is communicated and available for Members and officers.4. Failure by officers/ Members to comply with the Constitution's requirements leading to illegality or maladministration.	AREAS ASSURED:	Assurance can be given in all areas subject to the following improvement required.
	ADEQUACY OF PROCESS:	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. Training has been provided to Members and officers. The Constitution is kept under review by the Procedures Working Party, formerly the Organisation Working Party.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	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.

CURRENT POSITION:

The Constitution has been reviewed and changes have been authorised by full Council. A revision has been published on the internet/intranet and is soon to be published in hard copy format. Further training for officers and members is being programmed for the year. This will be informed by the Members' Development Forum.

PROCESS: Information governance		
LEAD OFFICER: Service Director - Legal Services		
POTENTIAL KEY RISKS: <ol style="list-style-type: none"> 1. Legislative non-compliance with the associated penalties. 2. Information becomes corrupt and incorrect decisions are made. 3. Information is not available when it is needed. 4. The policy is not followed. 5. Staff are inadequately trained and/or are not aware of their responsibilities. 6. The policy is not given the appropriate level of leadership by the political and managerial executive. 7. Professional support is insufficient. 	AREAS ASSURED:	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.
	ADEQUACY OF PROCESS:	Annual departmental confirmation of compliance or otherwise.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	<ol style="list-style-type: none"> 1. Lack of standard proforma - under consultation. Implement 2004. 2. Lack of information retention and deletion policy - under consultation. Implement 2004. 3. Departmental ownership. SRG report 220703 agreed new areas of responsibility. Implementation timetable being agreed. 4. Inadequate financing: Departmental responsibilities agreed as part of above SRG report; CSG - bid due this year. 5. Lack of information management policy - under consultation. 6. Lack of information management strategy - to be developed by 31st December, 2003.

CURRENT POSITION:

A Freedom of Information Act project is underway to ensure full compliance with the Act in accordance with the statutory timetable. The project is currently on target for the full go live date of 01 January 2005. An in-depth awareness raising and training programme is scheduled for the final quarter of 2004.

In respect of Data Protection Act and Freedom of Information Act requirements, audits are planned and programmed for completion by the end of July. The audits for the Data Protection Act 1998 and the Regulation of Investigatory Powers Act 2000 have been delayed because of the work programme for the Freedom of Information Act. It is expected that these will be completed by the end of October 2004.

Freedom of Information Act requirements are being audited in an on-going fashion as part of the implementation and preparedness programme. A final gap analysis audit is scheduled for the end of October 2004 with any corrective work needed to

follow in November and December 2004. This should ensure the Authority is prepared for the full implementation of the Act on 1st January 2005.

1. Proformas and the supporting procedures have been implemented for the Data Protection Act, the Regulation of Investigatory Powers Act and the associated Business Practice Regulations. Those for the Freedom of Information Act are being produced as part of the implementation plan and are targeted for completion for 01 January 2005
2. Consultation with departments is complete. The policy needs final endorsement by SRG and rolling out to departments. Expected to go live by end of 2004.
3. The time timetable has been agreed and fully implemented.
4. RAD DMT has deferred making a decision on the bid for the current financial year. It wants to consider the CSG funding as part of the full Information Management agenda, the requirements of which are still not 100% clear. Temporary financing has been agreed for 2004-05. It is expected the full Information Management review will take place in 2005-06.
5. A draft policy has been produced, but its implementation has been put on hold until the Information Management Strategy has been agreed - see 6.
6. Work has been impacted by the work needed for the implementation of the Freedom of Information Act 2000. A draft strategy has been produced and is under consultation. Various component parts of the strategy, for example the Retention and Disposal Policy are nearing completion.

PROCESS: Community plan		
LEAD OFFICER: Assistant Chief Executive		
POTENTIAL KEY RISKS: <ol style="list-style-type: none"> 1. Failure to meet Community Plan Action Plan targets. 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. 3. Change of priorities by partners. 	AREAS ASSURED:	Recent annual report for 2002/3: 73% of targets achieved. Targets not achieved include PSA targets which is significant.
	ADEQUACY OF PROCESS:	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. 51% of the targets were met in year 2003/4 although data is not available until October for a further 18%. 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. PSA targets are also audited by the District Auditor and progress reporting is carried out annually with lead officers. Checks are undertaken through the monitoring and reporting process. Evidence is through departmental returns on performance indicator data and through the auditing process. Annual cycle of reporting.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	Improvements to be identified in a report to Corporate Directors' Board on 2 nd September, Leicester Partnership on the 4 th September.

CURRENT POSITION:

A new community strategy is being developed and will be launched in April 2005.

PROCESS: Communications strategy		
LEAD OFFICER: Assistant Chief Executive		
POTENTIAL KEY RISKS: The proposed communications strategy is not delivered within the April 2004 target.	AREAS ASSURED:	Project is on target
	ADEQUACY OF PROCESS:	Project is underway
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	The Head of Communications is currently developing a communications strategy as part of a major communications and marketing improvement project.

CURRENT POSITION:

At the time of writing this report the consultation on the communications strategy is about to be launched.

PROCESS: Partnership Policies		
LEAD OFFICER: Assistant Chief Executive		
POTENTIAL KEY RISKS: <ol style="list-style-type: none"> 1. Failure to work as an effective partner. 2. Failure to fulfil the Council's community leadership role. 3. Failure to sufficiently safeguard the Council's legal, financial and other interests as a member of any partnership. 	AREAS ASSURED:	Based on the information below, assurance cannot be given.
	ADEQUACY OF PROCESS:	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.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	Ensure that the current guidelines are sufficiently communicated and applied, and review the guidelines to ensure that they suit temporary needs.

CURRENT POSITION:

The Chief Executive is currently undertaking a project on partnership working. The results of this will be available in the autumn.

PROCESS: Effective Human Resources Policy**LEAD OFFICER: Service Director - Human Resources & Equalities**

POTENTIAL KEY RISKS: 1. Failure to establish an effective HR policy to suit current operational needs. 2. Non-compliance.	AREAS ASSURED:	Assurance can be given based on information below.
	ADEQUACY OF PROCESS:	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. 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.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	None identified.

CURRENT POSITION:

A 2003/4 HR work plan has been signed off by SRG and a 2004/5 work plan has been agreed by SRG on May 6th, 2004.

PROCESS: Whistle blowing

LEAD OFFICER: Service Director - Human Resources and Equalities

POTENTIAL KEY RISKS: 1. Failure to ensure that the policy complies with the law and current operational requirements. 2. Failure to ensure that the policy is communicated and implemented.	AREAS ASSURED:	This will depend on the outcome of a recent DA audit.
	ADEQUACY OF PROCESS:	A whistle blowing procedure has existed for some time and the Council's employees were advised of it on 8 th December, 1999 by personal copy. They were reminded of it on 13 th 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.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	There is a need for regular review of the policy and improvements may be required depending on the outcome of the audit.

CURRENT POSITION:

The DA has issued the report and there is an action plan in place. One of the key recommendations in the action plan is to review the policy. A new policy has now been agreed with the Council's Trade Union and is being implemented across Council Departments.

PROCESS: Code of Conduct (officers)		
LEAD OFFICER: Service Director - Human Resources and Equalities		
POTENTIAL KEY RISKS: <ol style="list-style-type: none"> 1. Failure to ensure that the Code of Conduct reflects legal requirements or current operational needs. 2. Failure to ensure the Code of Conduct is communicated or complied with. 	AREAS ASSURED:	Assurance given.
	ADEQUACY OF PROCESS:	An extensive Code of Conduct has existed for some time in the Council and the Council's employees were advised of it on 8 th December, 1999 by personal copy. They were reminded of it on 13 th 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.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	There is a need for regular review, especially following publication of a new national code.

CURRENT POSITION:

The Authority's existing policy is currently under review and a draft proposal is due by March, 2005.

PROCESS: EMAS

LEAD OFFICER: Corporate Director of Regeneration and Culture

POTENTIAL KEY RISKS:

Failure to maintain EMAS registration by not being able to close out non-conformities raised by the external EMAS verifier in 2003.

AREAS ASSURED:

There were no non-conformities raised during the June 2003 verification process, but improvement notes were issued in the areas below:

6.3.01

Improvement is required to ensure that LCC can demonstrate conformance to its Environmental Policy Commitment to Prevention of Pollution.

6.3.02

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.

6.3.03

Improvement is required in conforming to the LCC environmental policy commitment to legal compliance and periodic evaluation of compliance with all relevant environmental legislation.

An interim visit was carried out by the external verifiers in November 2003. Satisfactory progress was recorded.

EMAS is audited through a three year internal audit programme which is available from both internal audit in RAD and the environment team in Regeneration & Culture Dept. In addition it is externally audited by external verifiers currently Lloyds Register Quality Assurance (LRQA).

Corporate Directors received a progress report on clearing improvement notes, in October 2003. A further report was presented to Corporate Directors' Board on 30th April 2004.

<p>POTENTIAL KEY RISKS: Failure to maintain EMAS registration by not being able to close out any non-conformities raised by the external EMAS verifier in April 2004 verification.</p>	<p>AREAS ASSURED:</p> <p>There were no non-conformities raised during the April 2004 verification process and the authority was recommended for re-registration.</p> <p>One new improvement note was raised relating to landlord – tenant interfaces.</p> <p>One of the previous improvement notes was discharged, relating to compliance with environmental legislation.</p>
	<p>ADEQUACY OF PROCESS:</p> <p>EMAS continues to be audited through a three year internal audit programme which is resourced from both internal audit in RAD and the environment team in Regeneration & Culture Dept. In addition it is externally audited by external verifiers currently Lloyds Register Quality Assurance (LRQA).</p> <p>The Sustainable City Officers Group continues to meet every 6 weeks. This group provides mechanism for communicating and controlling EMAS between departments.</p>

CURRENT POSITION:

The current position has been incorporated into the above by Carol Brass.

PROCESS: Procurement strategy**LEAD OFFICER: Chief Finance Officer****POTENTIAL KEY RISKS:**

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

AREAS ASSURED:

The Corporate Procurement Team maintains a database of contracts entered into by the Council as a whole.

Testing work was carried out by the Corporate Procurement Team, which identified significant levels of purchasing outside of standard regulated contracts. Some of this will be for valid reasons.

As part of the work improving corporate procurement, attention will be given to reviewing the number of people who can buy and achieving greater use of corporate contracts.

In the meantime, it is not possible to give assurance that the procurement strategy is being complied with.

ADEQUACY OF PROCESS:

See next page

ADEQUACY OF PROCESS:

Corporate consideration of procurement is a new activity for the Council, which previously granted considerable departmental freedom. The new arrangements are taking time to bed in. An audit report in 2003 identified some important successes but with some way to go.

	<p>IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:</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>
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CURRENT POSITION:

Routine reporting of "off contract" purchasing takes place to an interdepartmental officer group, and a programme of training is taking place. In this way the profile of this issue is being maintained. It is believed that substantial improvements can be made by reducing the number of people who buy and introducing greater standardisation.

Compliance monitoring will also be commenced.

PROCESS: Contract Procedure Rules		
LEAD OFFICER: Service Director - Legal Services		
POTENTIAL KEY RISKS: <ol style="list-style-type: none"> 1. Failure to ensure CPRs comply with the law and current organisational needs. 2. Insufficient awareness / access by officers / members. 3. Failure to comply leading to financial losses, breach of law. 4. Failure by departments to comply with departmental responsibilities under the rules. 5. Failure by departments to use legal services where required. 6. Failure by decision makers, whether Cabinet or officers, to take into account legal implications when considering whether to enter into a contract. 	AREAS ASSURED:	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.
	ADEQUACY OF PROCESS:	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.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	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.

CURRENT POSITION:

A full review of Contract Procedure Rules is underway, led by the Corporate Procurement Group with input from Legal Services. Specific attention is currently being given to CPR's relating to the procurement of professional services.

Legal input into decision making by Cabinet is being closely monitored.

PROCESS: Anti-fraud and corruption		
LEAD OFFICER: Chief Finance Officer		
POTENTIAL KEY RISKS: Failure to identify and tackle fraud and corruption.	AREAS ASSURED:	Reasonable assurance can be given as to the operation of the Council in addressing fraud and corruption.
	ADEQUACY OF PROCESS:	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. 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. A plethora of financial controls exist to prevent fraud.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	Ongoing review and risk assessment to build into future audit plans.

CURRENT POSITION:

The Council has been focussing its attention on developing fraud awareness training and developing joint working initiatives with the Department of Works and Pensions.

The External Auditor has also completed a review of the Council's approach to the Public Interest Disclosure Act and recommended a review be conducted. This will take place during 2004/5.

Other developments relating to fraud include the introduction of positive vetting for the holders of key risk posts, and revising and updating user policies for the Internet and E mail systems.

In that regard reasonable assurance can be given as to the operation of the Council in addressing fraud and corruption. However no assurances can be given in relation to compliance with the anti-fraud and corruption policy and strategy although this is not a significant issue.

PROCESS: Risk management strategy		
LEAD OFFICER: Chief Finance Officer		
POTENTIAL KEY RISKS: Failure to develop and implement an effective strategy.	AREAS ASSURED:	Given the fairly limited progress made it is not possible to give formal assurance with regard to risk management.
	ADEQUACY OF PROCESS:	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. All departments are now aiming to complete their risk registers by the end of September, which has taken longer than originally planned.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	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. 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.

CURRENT POSITION:

All departments have now completed Risk Profiling Workshops and the LACHS 2003 Risk Register has been purchased and standardised to capture and manage the results.

A Corporate risk management process has been introduced and guidance provided.

Audits on security, fire, safety and cyber liability have been carried out with the support of our insurance brokers.

The Risk Manager is able to provide limited assurance with regard to the management risk based on the work identified above.

The development and introduction of mechanisms for monitoring the effectiveness of Risk Management is included in the Business Plan for Risk management Services in 2004-5.

PROCESS: Effective administration of financial affairs		
LEAD OFFICER: Chief Financial Officer		
POTENTIAL KEY RISKS 1. Incorrect monies paid out. 2. Sums due not received. 3. Inadequate keeping of financial records.	AREAS ASSURED:	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. 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.
	ADEQUACY OF PROCESS:	Significant existing effort is geared towards ensuring the regularity of financial transactions.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	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.

CURRENT POSITION:

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 2003-4. 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 your committee) to ensure that recommendations to resolve weaknesses are followed up.

The absence of some statements from Heads of Finance means that assurances cannot be given in relation to all areas managed directly within departments.

PROCESS: Health and Safety

LEAD OFFICER: Service Director - Human Resources and Equalities

POTENTIAL KEY RISKS Non-compliance with statutory and Council policy and standards.	AREAS ASSURED:	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.
	ADEQUACY OF PROCESS:	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. 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.
	IMPROVEMENT REQUIRED AS REPORTED TO CABINET ON 24.11.03:	Action Plans have helped to identify particular areas for improvement. This includes actions as necessary following a Corporate audit of our Asbestos Action Plan. Corporate Capacity is being strengthened through the recruitment of a new Head of Health and Safety.

CURRENT POSITION:

An annual health and safety report is to be presented to SRG on June 25th, 2004.

An audit of the Council's revised Asbestos Action Plan is currently being carried out.

Short listing for a new Head of Health and Safety will take place on May 18th, with interviews on May 25th.

APPENDIX 2

LOCAL GOVERNMENT OMBUDSMAN COMPLAINTS

COMPLAINTS RECEIVED			
	01/02	02/03	¾
Complaints received	103	117	143
Complaints closed	94	98*	138
Complaints closed – less premature	67	76**	100
Complaints open at year end 31 March 2004	9	19	5

*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.

	01/02	02/03	¾
Cultural Services & Neighbourhood Renewal	1(1%)	4 (4%)	1(1%)
Chief Executive	1 (1%)	0	0
Environment Regeneration & Development	25 (26%)	21 (21%)	22(16%)
Education & Lifelong Learning	5 (5%)	5 (5%)	10(7%)
Housing	54 (60%)	52 (60%)	90(65%)
Resources Access & Diversity	5 (5%)	5 (5%)	4(3%)
Social Care & Health	3 (3%)	11(11%)	11 (8%)
TOTAL	94	98	138

LOCAL GOVERNMENT OMBUDSMAN COMPLAINTS

BREAKDOWN OF OUTCOMES

	01/02	02/03	03/04
No Maladministration	36(38%)	44(45%)	50(36%)
Local Settlement	15(16%)	11(11%)	27(20%)
Outside Jurisdiction	11(12%)	17(17%)	11(8%)
Ombudsman's Discretion*	5(5%)	4(4%)	10(7%)
Premature	27(29%)	22(23%)	38(28%)
Discontinued/Withdrawn	0	0	0
Maladministration found	0	0	2(1%)
Total	85	98	138

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

LOCAL GOVERNMENT OMBUDSMAN COMPLAINT OUTCOMES BY DEPARTMENT 2003/2004

	NM	LS	OJ	OD	MI	P	W	TOTAL
Cultural Services & Neighbourhood Renewal	1	0	0	0	0	0	0	1
Chief Executive's Office	0	0	0	0	0	0	0	0
Education & Lifelong Learning	5	3	0	0	2	0	0	10
Environment Regeneration & Development	12	0	1	2	0	7	0	22
Housing	31	24	6	6	0	23	0	90
Social Care & Health	1	0	0	2	0	8	0	11
Resources Access & Diversity	0	0	4	0	0	0	0	4

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**

Authority	1/2		02/03		3/4	
	Findings of Maladministration	Total No. of complaints	Findings of Maladministration	Total No. of complaints	Findings of Maladministration	Total No. of complaints
Leicester	0	67	0	76		
Birmingham	0	410	0	368	Figures not released by the LGO until July 2004	Figures not released by the LGO until July 2004
Blackburn with Darwin	0	17	1	31		
Bolton	0	37	0	57		
Bradford	1	90	2	131		
Bristol	2*	79	0	65		
Coventry	0	41	0	46		
Derby	0	39	0	44		
Dudley	0	54	2	45		
Kingston-upon-Hull	0	81	0	81		
Nottingham	3	91	0	41		
Plymouth	0	88	4	118		
Portsmouth	1	34	1	51		
Southampton	0	38	0	34		
Wolverhampton	0	54	0	37		

* Indicates a figure which includes more than one complaint subject to the same report.

These figures do not include complaints which are 'premature'. That is complaints which the authority has not had an opportunity to deal with.