

Report of the City Solicitor

Report to General Purposes Committee

Date: 12th May 2015

Subject: Annual Review of Constitution

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Each year the Head of Governance Services undertakes a review of the Constitution to ensure that it is up to date, fit for purpose, embedded and routinely complied with.
2. As a result of this review the Head of Governance Services recommends a number of amendments to the Constitution for the reasons set out in this report.

Recommendations

3. The Committee are asked to recommend the proposed amendments as listed below¹ to the Annual Council Meeting for approval.
 - Article 1 (Appendix A)
 - Article 4 (Appendix B)
 - Article 6 (Appendix J)
 - Scrutiny Board Terms of Reference (Appendices C-H)
 - Corporate Governance and Audit Committee Terms of Reference (Appendix K)
 - Scrutiny Board Procedure Rules (Appendix I)

¹ Documents are listed in the order they appear in the Constitution although their appendix placement is based on their position in this report.

1 Purpose of this report

- 1.1 This report proposes amendments to the Constitution following the Head of Governance Services' annual review.

2 Background information

2.1 City Priority Plans

- 2.2 The City Priority Plan was originally drawn up for the period 2011-15 as a city-wide partnership plan, bringing together a number of priorities to help deliver the longer term Vision for Leeds 2011-30. It identified the key outcomes and priorities to be delivered by the Council and its partners over those four years and informed a subset of five individual City Priority Plans for the five strategic partnership boards: the Children's Trust Board; Sustainable Economy and Culture Board; Safer and Stronger Communities Board; Health & Wellbeing Board; and Housing & Regeneration Board. The Council's contribution to the city-wide priorities was set out in the Council Business Plan.

- 2.3 Since 2011, the Council Business Plan has evolved and is now termed the 'Best Council Plan'. On 18th March 2015, the Executive Board approved a refreshed Best Council Plan, updated for 2015/16. This Plan sets out the Council's objectives for the next twelve months and the direction and narrative for the five years up to 2020. It draws on and makes links to a range of supporting plans, many of which are city-wide partnership plans – for example, the Children & Young People's Plan and the Health & Wellbeing Strategy.

2.4 Internal Audit Arrangements

- 2.5 The Public Sector Internal Audit Standards (PSIAS), which superseded the 2006 CIPFA Code of Practice for Internal Audit in Local Government in the UK, came into force on 1st April 2013.

2.6 Realignment of Scrutiny Boards

- 2.7 In May 2012 Council agreed to amend the Boards terms of reference to facilitate scrutiny of key partnerships in which the Council was involved. Consequently Scrutiny Boards were aligned to the then existing partnerships. Over the past two years these partnerships have either ceased to exist in their original form or have been disbanded completely.

3 Main issues

3.8 City Priority Plans

- 3.9 The themes of strong partnership working, tackling inequalities, improving outcomes for all our citizens and ultimately helping Leeds to become the best city in the UK - the Vision for Leeds - run throughout the Best Council Plan. Specific partnership plans continue to be developed and updated. As such, there is no longer a requirement for a separate 'City Priority Plan' document. It is therefore proposed that the reference to the City Priority Plan should be removed from

within the Council's Policy Framework, and replaced where appropriate with reference to the Best Council Plan.

- 3.10 Proposed amendments to Articles 1 and 4 are shown at Appendix A and B attached.
- 3.11 Realignment of Scrutiny Boards
- 3.12 Each year, the Scrutiny Officer conducts a review of scrutiny arrangements to ensure that they are fit for purpose. This year, the focus of the review has been to consider the Board's terms of reference.
- 3.13 In the light of changes to the Council's key partnerships the Scrutiny Officer proposes that the terms of reference for Scrutiny Boards be drafted to mirror the executive Functions of the Council's directorates. This would maintain the same number of Scrutiny Boards and provide greater clarity over the respective remit of each Scrutiny Board.
- 3.14 A revision to the terms of reference as described above would also result in amendments to Scrutiny Board Procedure Rule 10.3 with the removal of the requirement that Scrutiny Boards should consider and report each municipal year on the activities of the Partnership Boards.
- 3.15 Proposed amendments to the terms of reference and to the Scrutiny Board Procedure Rules are set out in the attached Appendices C – I.
- 3.16 Article six of the Constitution describes the functions of the Council's Scrutiny Boards. The Council has adopted a Vision for Scrutiny, which is attached as an Annex to Article six. In addition to the amendments consequential on the realignment of the Scrutiny boards the Scrutiny Officer proposes that the Vision be updated to reflect the growing need to manage the resources available to Scrutiny more closely and the importance of ensuring added value in the work undertaken by Scrutiny.
- 3.17 The proposed amendments to Article 6 (Scrutiny Boards) are set out in Appendix J.
- 3.18 All amendments in appendices C to J have been discussed with the Leader and Deputy Leader, with Scrutiny Chairs and with the Corporate Leadership Team.
- 3.19 Internal Audit Arrangements
- 3.20 The Accounts and Audit Regulations 2015 state that '*A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*'.

- 3.21 The PSIAS require the Corporate Governance and Audit Committee to review and approve:
- The internal audit charter;
 - The risk-based audit plan;
 - Any additional significant work not already included in the audit plan. The Internal Audit Charter defines significant as the equivalent of 5% of the annual planned audit days and in 2015/16 this would be the equivalent of 210 days.
- 3.22 The Deputy Chief Executive, as the council's Section 151 Officer, is responsible under the Local Government Act for ensuring that there are arrangements in place for the proper administration of the Authority's financial affairs. Part of the function of Internal Audit is to provide assurance on these arrangements so it is necessary to consider the level and extent of internal audit coverage of the council's activities by developing a risk based audit plan. The audit plan is prepared by the Head of Audit and agreed by the Deputy Chief Executive in his role as the council's Section 151 Officer before being submitted to CGAC for review and approval. The Head of Audit should then report on performance against the plan at a frequency to be determined by the committee.
- 3.23 Finally the Head of Audit is required to report to CGAC on an annual basis:
- That the internal audit activity is organisationally independent; and
 - The results of the Quality Assurance and Improvement Programme together with any progress against improvement plans.
- 3.24 It is proposed that amendments are made to the Corporate Governance and Audit Committee Terms of Reference as set out at Appendix K attached in order to give effect to these requirements.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.3 Consultation arrangements in relation to each proposal are set out within the body of the report.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no implications for this report.

4.3 Council policies and City Priorities

- 4.3.1 All amendments are in line with the Council's Code of Corporate Governance, particularly with regard to the principles of focussing on the Council's purpose and community needs; having clear responsibilities and arrangements for accountability; and taking informed and transparent decisions which are subject to effective scrutiny and risk management.

4.4 Resources and value for money

4.4.1 Resource and value for money implications are outlined as appropriate within the main body of this report.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The amendments proposed are in line with legislation and bring the constitution up to date where relevant legislation has been introduced or updated.

4.6 Risk Management

4.6.1 There are no implications for this report.

5 Conclusions

5.1 A number of amendments are necessary to ensure that the Council's constitution is up to date and fit for purpose.

6 Recommendations

6.1 The Committee are asked to recommend the proposed amendments as listed below to the Annual Council Meeting for approval.

- Article 1 (Appendix A)
- Article 4 (Appendix B)
- Article 6 (Appendix J)
- Scrutiny Board Terms of Reference (Appendices C-H)
- Corporate Governance and Audit Committee Terms of Reference (Appendix K)
- Scrutiny Board Procedure Rules (Appendix I)

7 Background documents²

7.1 None

² The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.