

Corporate Governance and Audit Committee

Monday, 23rd September, 2024

PRESENT: Councillor M France-Mir in the Chair
Councillors J Dowson, M Robinson,
K Bruce, R Chesterfield and J Garvani

INDEPENDENT MEMBER: L Wild

30 Appeals Against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents.

31 Exempt Information - Possible Exclusion of the Press and Public

There were no exempt items.

32 Late Items

There were no formal late items. However, there was supplementary information circulated with the agenda in relation to Agenda Item 12 - Approval of the 2022/23 Statement of Accounts and Grant Thornton Audit Report.

33 Declaration of Interests

No declarations of interests were made at the meeting.

34 Apologies for Absence

Apologies for absence were received from Cllrs Wilson and Hart-Brooke.

35 Minutes of the Previous Meeting - 29th July 2024

RESOLVED – To approve the minutes of the meeting held on 29th July 2024, as a correct record.

36 Matters Arising From The Minutes

In relation to meeting held on 18th March 2024, Minute 80 - Annual assurance report in relation to employment policies and employee conduct.

Members had requested more information on benchmarking, and this was distributed to Members on 30th July 2024.

In relation to minute 27 - Governance Arrangements to Support Delivery of the Core Business Transformation Programme.

Members had requested further information in relation to governance arrangements and this was distributed to Members on 22nd August 2024.

37 Annual Assurance Report on Procurement Policies and Practices

The annual report of the Head of Procurement and Commercial Services provided the Committee, with information in relation to the Council's procurement function, and provided assurances that the Council's

arrangements are up to date, fit for purpose, effectively communicated, and routinely complied with.

The Head of Procurement and Commercial Service presented the report and highlighted the following points:

- The Council's procurement arrangements are being reviewed to ensure that they are fit for purpose in the context of the Procurement Act 2023. Members were informed that since the publishing of the agenda, the Government had pushed back on the date for implementation of the new legislation until 24th February 2025.
- It was noted that key points had been provided in Paragraph 4 of the submitted report.
- Appendix A of the report was highlighted setting out the Council's processes for procurement.
- Members noted that as part of the Core Business Transformation programme work was ongoing in relation to 'Source to Contract Review'. As part of this a review of the Council's Contract Procedure Rules would be undertaken to look at simplifying them and take into consideration the new legislation in the Procurement Act 2023.

In response to questions from the Committee the following information was provided:

- It was noted that as part of the procurement activity, social value is considered there is a requirement that all the Council's contracts identify opportunities for social value. The focus is on support that can be provided by the service and is focused on contracts above £100,000, this is due to the amount of resource available. The service specifically looks at social value commitments from bidders and these are evaluated. If the commitments are not delivered the service does have the ability to go back and have conversations about why they have not been provided and look at other areas of social value that could be provided. Should social value not be delivered as promised the service can take a financial deduction from the contract to the value of the social value commitments made. It was noted that with contracts under £100,000 it was more difficult as the service has limited resources, but there is still a requirement for those contacts to consider social value as part of the Contract Procedure Rules. The submitted report had provided a snapshot of the level of social value put through by the service in the last 12-18 months. The Committee were informed that in the last 10 years the service has regularly reported on spend with local businesses and SMEs. It was noted that the spend for this had gone up marginally and was relatively strong in comparison to other authorities. The Committee acknowledged that 124 contracts was only a small number of the several thousand contracts that the Council has, and it was only those valued above £100,000.
- Clarification was provided to the Committee on a 'Standstill Letter'.
- The Committee acknowledged that the procurement service had done well to have 15 years with no formal legal challenges.
- Members noted that the development of an app solution for low value procurements would not be impacted by the change of date for the new

legislation and the service would continue to progress this. However, they would not undertake the review of the Contract Procedure Rules until the legislation is brought in.

- The service can do more in relation to SMEs and already engage with anchor organisations in the city and the voluntary sector. It was recognised that the Council's documentation was complex, not only for organisations outside the Council but also for Council officers, so this was being reviewed to make it simpler, this will also make it simpler for SMEs to bid for contracts.
- Members were informed that payments for small businesses was completed in 30 days, and this is reported on.
- It was noted that monitoring for procurement is undertaken by the Internal Audit team and there were discussions in progress in relation to the new systems and legislation and these will be taken into consideration going forward.

RESOLVED – To:

- a) Consider and note the assurances provided in this report from the review, assessment and on-going monitoring carried out;
- b) Note that the Head of Procurement and Commercial Services has reached the opinion that procurement policies and practices are up to date, fit for purpose, and effectively communicated; and
- c) Note the ongoing Source to Contract Review and endorse the proposed approach to amendment of the Contracts Procedure Rules.

38 Annual Assurance Reporting on Planning Regulation and Enforcement Arrangements

The annual assurance report of the Chief Planning Officer provided assurances in relation to planning decision making and enforcement arrangements as required by the Corporate Governance and Audit Committee.

The Chief Planning Officer presented the report and highlighted the following points:

- The first part of the report set out the policy and procedural aspects in relation to planning and described the framework for decision-making. Leeds has in place up to date and adopted development plans which enables the Council to make decisions in accordance with those plans. There is a live programme of updating the plans which are already underway.
- The report clarifies the process of approval through the Chief Officer delegation scheme and the sub-delegation scheme. The delegation schemes are constantly reviewed to ensure there are clear lines of responsibility and changes to legislation.
- The report also provided information on the Plans Panels decision making process and the defined categories for applications to be referred to Plans Panels. It was noted that the service receives over 7,000 applications per annum, with officers making 99% of all decisions.

- Paragraph 8 of the report sets out the planning enforcement process as set out in the Local Enforcement Plan, which has a range of measures and interventions which seeks to be proportionate in taking enforcement activity.
- The democratic oversight is provided through a comprehensive list of Member briefings, panels, boards, information provision as well as oversight from the Council's Corporate Leadership Team. There is also officer and Member training and learning materials in line with service systems and protocols.
- Paragraph 22 of the report set out the services commitment to continuously improve and streamline the service to respond to the Council's challenging budget position. A number of business improvements have been made to the management of third-party comments, Consultee Access for parish and town councils, Public Speaking Protocol at plans panels.
- Members were informed that the overall number of complaints had reduced, and the number complaints had decreased.
- Paragraph 32 of the report provided information on performance and monitoring across the service.
- The report also highlighted changes made to the service in relation to planning reform, budget pressures and resourcing levels.
- It was noted that application levels had dropped to pre-pandemic levels, but performance management remained challenging due to changes of planning reform and resourcing. Members were advised that enforcement action was a priority for the service and Leeds takes more action than comparable core cities. However, the number of cases received remains high.
- Paragraph 47 of the report set out opportunities for enhancement of the systems of internal control for development management and enforcement activity to be implemented over 2024/25.

In response to questions from the Committee the following information was provided:

- The service is moving forward with procedures and protocols in relation to safety of Members and officers at Plans Panels and this should be available within the month. Members were provided with examples of issues at Plans Panels in recent months which had highlighted the need for this type of awareness training. The Chair provided her observations at the Plans Panel she sits on and the behaviours of members of the public using threatening behaviour towards officers and said that she would not support that type of behaviour and that it should be taken seriously for everybody. She supported the efforts and measures being put in place for the security of officers and Members.
- It was recognised that this issue of safety was not just limited to meetings held within Civic Hall but also to meetings held outside particularly with Members who are out in the community and interacting with individuals.

- In relation to enforcement the service was trying to ensure a consistent approach to communications on the local enforcement plan and was key to the overall framework that the service works to. It was acknowledged that when planning legislation changes this can affect the measures for permitted development and the cases are often historical. One of the improvements listed was around clearly communicating changes to planning legislation and there will be Member training on this aspect. The service will also be looking at using various ways to communicate this to the public. It was noted that there are two teams of enforcement in the service dealing with different areas in the city and there is close collaboration between the team leaders with case officers sharing experience of cases at team meetings on a regular basis. Cllr Robinson said that whenever he has had to have dealings with the officers, they have always been hardworking and diligent and when there has been behaviour that has been untoward it has been handled in a professional manner.
- In relation to Houses of Multiple Occupancy (HMOs) it was noted that information would be provided to Members on the policy criteria set out in the Core Strategy. Members requested statistics and instructions around the Council's policy in relation to HMOs. It was noted that there is information on the Leeds City Council website in relation to HMOs.

RESOLVED - To consider and note the positive assurances provided in this report and future steps to provide additional assurance in the process.

39 Internal Audit Update Report

The report of the Chief Officer Financial Services provided a source of assurance that the internal control environment was operating as intended through a summary of the Internal Audit work since the last update report was provided to the Committee in June 2024.

The report was presented by Head of Finance, Internal Audit and highlighted the following points:

- This was the first report since introducing the more flexible approach to planning, and it was noted that it looked different to previous reports. The report had also incorporated feedback provided by the Committee.
- The report highlighted the work completed in the period and the work to be completed in the next period. There were tables in the report to show the assurance themes that the work covers, along with the links the work has to corporate risks. It was noted that any gaps identified in the tables will be considered and reviewed as part of the continuous audit planning process.
- The recommendation tracking process showed that 90% of open recommendations were either not due or less than 3 months overdue. For recommendations that were more than 3 months overdue the service had confirmed they were in progress and the reason for the delay was due to a lack of resources.
- The service continues to receive positive feedback from the CSQ process.

- The Quality Assurance Improvement programme was included in the report, which set out an action for a self-assessment to be undertaken against the new standards, to ensure still compliant. It was noted that the service is still waiting for the standards to come out for consultation. In the meantime, the service had undertaken a SWOT analysis exercise which was being finalised and an action plan will be agreed and reported on in a future update report.
- Appendix C was highlighted which provided information in relation to urgent decisions and confirmed that KPIs were being met. It was noted that 3 decisions had been taken under urgent provisions and in all 3 cases they were treated within the relevant procedure rule.

In response to questions the following information was provided:

- It was noted that going forward dates will be added to the Quality Assurance and Improvement Plan.
- Clarification was provided to the term 'some payments' on page 84 of the agenda pack and this was in relation to no recourse to public funds, which are used to assist families in need. It was noted that the actual numbers were not available at the meeting but could be provided to Members.
- In relation to the table on page 82 of the agenda pack and in reference to Lotherton Hall it was explained that complexities had been noted because different systems are being used. The Council is looking to rationalise applications across the Council to mitigate this issue.
- Cllr Dowson commented on the number of grants and grant schemes that the Council has. It was acknowledged how much time the team must spend applying for these grants and reviewing them. It was noted that the process had been streamlined as much as possible but where it does require sign off by the Chief Finance Officer or the Head of Audit there is no choice as to whether to undertake the work. Discussions with Government as part of the Spending Review is looking to see if some of the funding sources can be amalgamated.

RESOLVED – To:

- a) receive the Internal Audit Update Report for September 2024 and note the work undertaken across the section during the period covered by the report.
- b) note that there have been no limitations in scope, and nothing has arisen to compromise the independence of Internal Audit during the reporting period.
- c) Receive the report providing information relating to the Monitoring of Urgent Decisions covering the period April to August 2024.

40 Mid-Year Update of the Information Commissioners Office Action Plan

This report presented the Information Commissioner's Office (ICO) Audit Action Plan progress update, prior to the ICO returning to review progress in December 2024.

The report was presented by the Head of Information Management and Governance who provided the following information:

- The report presented the Information Commissioner's Office (ICO) audit action plan progress to date, prior to the ICO returning in December to review progress.
- As at the 13th September of the 50 recommendations 22% of the actions have been completed, 69% are in progress and 9% are still to be started. It was noted that 1 action was overdue but was going through its approval process and consideration had been given to the potential effect on other actions.
- Members were informed that the ICO had applied a priority rating to the recommendations, with many of the recommendations requiring large scale work.
- Many of the actions were linked by themes, with an example given that one document could address in the region of four or five actions.
- The Committee noted that the ICO had been made aware that the service will be continuing to implement 4 of the recommendations into 2025. These are in relation to large scale actions that the service would be unable to robustly implement with existing technology and with the scale of the Council. Members will be kept up date on progress through the annual report.
- Since the report was submitted there had been developments that will affect actions relating to managing personal data breaches. The team is due to make the process more efficient using Microsoft Power Apps. Unfortunately works surrounding the Council's Public Services Network (PSN) certificate meant the development of the data breach power app was paused. Therefore, the service has had to consider meeting 5 actions by alternative means. It was noted that the service has now been advised that it should be able to restart the power app work. However, it was unlikely that this will be fully completed by the start of December. It was the view that the service required the best system that it could get and had made the ICO aware that some actions could be delayed.
- The Head of Information Management and Governance gave his assurance that every single action had been reviewed and that other than those already mentioned within the report which will be implemented going into 2025, all other actions are on track to be completed before the ICO undertake their review in December 2024.
- It was noted that the ICO will either sign off the action plan work, noting the work to do going forward, or they may review again in 6 months. It was stated that Members will be provided with an update on the action plan in February 2025.

Discussions included:

- Issues relating to what was required to achieve the recommendations set out by the ICO.

- It was noted that measures and plans are in place to try and mitigate major incidents occurring along with response and recovery plans should a major incident take place.
- The Committee noted that the action plan was key, with service level spot checks auditing which is part of the recommendations. From a top level there are improvements to be made to the Information Governance Framework in relation to processes and procedures. The Service knows that it needs to close the loop with the Assurance Framework with an end result that the Council should have an Information Governance and Assurance Framework for continuous improvement. For future reports it is the proposal that the Committee will receive the assessment and ongoing action plan and improvements. Members were advised that as part of the recommendation it was to review the need for external audit, and this may happen every 3 to 5 years to ensure that the Assurance Framework is robust.

RESOLVED – To note the good progress made towards completing the action plan prior to the ICO review in December 2024, noting the completed actions to date and the actions due for future completion.

41 Receipt and Approval of Audited Accounts and External Auditors Report for 2022-23

The report of the Chief Finance Officer presented the audit report of the Council's external auditors on the 2022/23 accounts. An updated copy of the Statement of Accounts was published and sent to Members of the Committee as supplementary information.

The Committee were provided with the following information:

- The 2022/23 Statement of Accounts were originally approved in draft form in July 2023. At that stage the 2021/22 audit was still ongoing. Therefore, the final 2022/23 accounts have been updated to include the final version of the 2021/22 audited figures. The 2022/23 figures had been updated for consequential changes to asset valuations, they had also been updated for a small number of asset valuations that had arrived too late to be included in the original 2022/23 accounts and a small number of corrections to asset valuations. It was noted that these represented the biggest changes in terms of value from the original draft accounts but do affect spendable reserves.
- There had been two corrections affecting spendable reserves which included increasing revenue reserves by £5.6m and decreasing usable capital reserves by £6m.
- Since the accounts were circulated to the Committee there had been a small number of rounding errors in the explanatory tables which have been corrected and a small number of typographical errors in the narrative notes.
- Members' attention was drawn to Appendix 1 – The Management Letter. Grant Thornton request this prior to them signing off on the audit of accounts. It was confirmed that officers were satisfied that the

contents of the letter were correct and that it can be signed on behalf of the Council.

Grant Thornton presented their ISA 260 report and highlighted the following points:

- The 2021/22 accounts were signed off in March 2024 and following that the external auditors and the Council's finance officers started on the 2022/23 accounts audit.
- The Committee were informed of the increased level of engagement and increased quality of accompanying working papers and timeliness of responses from finance officers. It was recognised that this increased level of timeliness etc needed to be maintained as Grant Thornton move into the 2023/24 accounts audit in October with a view to concluding that before the national backstop of February 2025.
- It was noted that work had progressed in relation to several areas which had been set out in the report as outstanding as at the date the Committee papers were published, with some areas completed.
- The Committee were informed that Grant Thornton was expecting to be able to issue a clean unqualified opinion within the next week.
- In relation to the Value for Money work which came to the Committee in November 2023, Grant Thornton had raised two key recommendations around transformational plans and a balanced budget and sustainability on financial savings and sustainability. With a key point around the accounts audit process. The Committee were advised that the 2023/24 Value for Money work was nearing completion and will be coming to the November meeting of the Committee.

Comments included:

- The Committee were pleased with the work over the last 6 months to reach this point. It was recognised that there were pressures on both officers and the auditors to reach the deadline dates, with both committed to maintaining levels of engagement and quality of documents and responses.
- The Committee acknowledged the challenges faced by officers with new systems being implemented and the budget setting during the period heading towards the February audit backstop date. The Committee requested that they be kept informed of any issues arising.
- It was recognised the work and effort that had been undertaken to get the audit to the position it is, and it was noted by the Committee that the Financial Services were to do a lesson learned report. The team would be project managing the audit to ensure that the accounts were ready in time for the February backstop date.
- It was noted that the backstop date for the 2024/25 accounts would be February 2026.

The Chair thanked all the finance officers and Grant Thornton staff for all the work that had been achieved to get this point on behalf of the Committee. She also thanked Gareth Mills of Grant Thornton for the support he has given to

the Council and the Committee over the last 5 years and wished him well for the future as he takes on another role.

RESOLVED – To:

- a) Receive the audit report of the Council's external auditors on the 2022/23 accounts and to note that there are expected to be no unadjusted audit differences to the accounts.
- b) Consider the updated 2022/23 Statement of Accounts, and to approve these as the Council's final audited accounts for the year. The Committee is further asked to authorise the Chair to acknowledge this approval on behalf of the Committee by signing the appropriate section within the Statement of Responsibilities on page 1 of the accounts; and
- c) On the basis of the assurances received, the Chair is asked to sign the management representation letter on behalf of the Corporate Governance and Audit Committee.

Councillor Dowson left the meeting at 11:55 at the end of this item.

42 Grant Thornton - Receipt of External Audit Plan 2023-24

The report of the Chief Finance Officer presented Grant Thornton's Annual Audit Plan for their 2023/24 audit, covering the audit of the Council's accounts and the process for assessing its arrangements to secure value for money in the use of resources. The Audit Plan was attached as Appendix 1 and outlined Grant Thornton's proposed audit approach, the timing of audit work, and the significant audit risks identified to date.

The Committee were informed of the following points:

- This report set out the programme of work in developing the audit plan. Account had been taken in what is happening, not only in a national context which impact on local government with increasing and ongoing cost pressures, increasing demand for services especially in adult and children's social care but also other local factors which affect Leeds.
- It was the view that for 2023/24 the Council will deliver a balanced year end position after using reserves of £5.2m and a refund from West Yorkshire Combined Authority.
- The work will start on the 2023/24 audit once work has completed on 2022/23, so work will be starting in October 2024, with field work finished by the end of January 2025. If able to deliver within this timeframe it would put Leeds back onto a normal timeline for 2024/25.
- Members attention was drawn to page 7 of the audit plan which set out the key headlines. Two specific areas relating to Leeds were the valuation of land and buildings and the net pension fund balance.
- In relation to materiality this has been determined at this stage to be £28.4m based on the 2022/23 accounts, this will be reassessed at the start of the 2023/24 audit. Grant Thornton have set clearly 'trivial' which is an amount above which they would report any errors or adjustments to the audit committee at £1.4m, which is the same as last year.
- In relation to value for money work is progressing well, with the draft report issued to officers in September. Two key risk areas have been identified as part of the planning processes. They are the financial

pressures faced by the Council and the ability to deliver services and around financial sustainability in terms of the increasing MTFS budget gap with the in year overspends and the low levels of reserves the Council has.

In response to a question the Committee were provided with the following information:

- It was noted that with the limited resources available in the finance team and limited resources at Grant Thornton, there had been no opportunity to start work earlier. The aim is to close the audit for 2022/23 and then move all resources to the 2023/24 audit. The Committee were informed that Grant Thornton has other authority audits where work is still ongoing and they were trying to balance the resources that they have.

RESOLVED - To receive the Annual Audit Plan presented by Grant Thornton and to note and agree the nature and scope of the proposed audit work.

43 Approval of Annual Governance Statement 2024

The report of the Chief Officer Financial Services presented the final draft of the Annual Governance Statement which was submitted to the Committee for review.

The Committee were provided with the following information:

- The Committee received the draft report in July prior to public deposit.
- The report presents the final draft. It was noted that there were no comments from the public during the period of public deposit, but comment was received from Grant Thornton who requested that their recommendations from the Value for Money report presented at the November 2023 meeting be included in the Annual Governance Report, which has been done.
- The Annual Governance Statement is a living document which is constantly open for additions and amendments up until the date the accounts are finalised, which should be February and then the Annual Governance Statement can be signed off.

Responding to a question from the Committee the following information was provided:

- This document could mention that the 2022/23 accounts audit commenced in April 2024 and would be signed off at the end of September, to demonstrate that the accounts were completed within a 6 month period.

RESOLVED – To:

- a) Consider the final draft of Annual Governance Statement 2024.
- b) Note that the Annual Governance Statement is a live document and is open to alteration up to the point when the Council's accounts are received at Committee for the period the Annual Governance Statement covers; and

c) When the Council's accounts are received at Committee for the period of the Annual Governance Statement, the Committee will receive an addendum detailing any significant changes to the Statement.

44 Recruitment of a Second Independent Member to Committee

The Chair advised the Committee that Linda Wild, the independent member would remain in the room for the next item but would not be taking part in the discussions.

This report of the Senior Head of Internal Audit, Corporate Governance, and Insurance provided the Committee with details of the guidance provided by Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees: Practical Guidance for Local Authorities and Police 2022 that it is best practice for Audit Committee's to have at least two independent members.

This report provided the Committee with details of the guidance and the outcome of benchmarking of the composition of audit committees in Leeds, the core cities, and other West Yorkshire Local Authorities, so that the committee can consider their response.

It was noted that Linda Wild had been invited to sit for a second term of 4 years on the Committee.

Comments on the report included:

- The Committee were of the view that Linda as the independent member to the Committee had provided expertise, and insight which had proved valuable to the Committee.
- Clarification was given in relation to the recruitment process of independent members.
- It was suggested that the recruitment of a second member for the Committee should be reviewed annually.

RESOLVED – To:

a) Note the assurances and comparative information provided in this report, and the important role that independent members have on audit committees.

b) Recommend that Linda Wild is appointed for a second term of four years from 24th February 2025 to 23rd February 2029.

c) Note the recommendation to delay any proposal to recruit an additional independent member in the immediate future and the proposal to review the position in twelve months.

45 Work Programme and Member Development Plan

This report presented the work programme for the Corporate Governance and Audit Committee for the 2024-25 municipal year, setting out future business for the Committee's agenda, together with details of when items will be presented. The report also included the Member Development Plan for 2024-25.

Members were informed of the following:

- It was noted there had been no significant changes to the work programme.
- In relation to the development plan:
 - The Cyber Sentinel was sent out to all Members on 3rd September.
 - And following up from the offer from the Deputy Chief Digital and Information Officer a session for all Members on Leeds's cyber security arrangements that has been included in the development programme for January 2025 in time for the annual assurance report from IDS.

RESOLVED – To:

- a) consider and note the contents of the work programme and meeting dates at Appendix A, and
- b) note the content of the Member development plan at Appendix B and progress against the plan throughout the year.

46 Date and Time of Next Meeting

RESOLVED – To note the next meeting will be on Monday 25th November 2024 at 10.30am.

The meeting concluded at 12:10