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**Report of the Assistant Chief Executive (Corporate Governance)**

**Corporate Governance and Audit Committee**

**Date: 19<sup>th</sup> March 2008**

**Subject: Amendments to Constitution – Membership / Substitution Arrangements for the Corporate Governance and Audit Committee**

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**Electoral Wards Affected:**

Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

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**Executive Summary**

1. The purpose of this report is to present to Members:
  - a proposed amendment to Article 9 of the Constitution, amending the rules regarding membership of the Corporate Governance and Audit (CGA) Committee; and
  - a proposed amendment to Council Procedure Rules 26 setting out substitution arrangements for the Committee in order to reduce the risk of the Committee being inquorate.
  
2. The Committee is requested to recommend to Council that Article 9 of the Constitution is amended to read:

“Members of the Executive; and Political Group Leaders and Whips from the administration and the major opposition Group are precluded from being members of the Corporate Governance and Audit Committee. Any member who is appointed to Chair a Committee of Council is also precluded from membership of the Corporate Governance and Audit Committee.”
  
3. The Committee is also requested to recommend to Council an amendment to Council Procedure Rule 26 as set out below:

“In relation to the Corporate Governance and Audit Committee, the Council shall appoint substitute members via nominations from party Whips. Each Whip shall nominate one substitute for each member that sits on the Committee. Whips may not nominate any members that would be excluded from full membership under the provisions of Article 9 of the Constitution”.

## **1.0 Purpose Of This Report**

- 1.1 The purpose of this report is to present to Members:
- a proposed amendment to Article 9 of the Constitution, amending the rules regarding membership of the Corporate Governance and Audit (CGA) Committee; and
  - a proposed amendment to Council Procedure Rules 26 setting out substitution arrangements for the Committee in order to reduce the risk of the Committee being inquorate.

## **2.0 Background Information**

- 2.1 The terms of reference for the CGA Committee include the function to “consider proposals to amend the Constitution and make recommendations to full Council.” Article 9 and Council Procedure Rules form part of the Council’s Constitution. Council Procedure Rules set out the rules for substitution at Committees appointed by Full Council.
- 2.2 At their meeting on the 16<sup>th</sup> May 2007 CGA Committee resolved to “recommend to Council to amend Article 9 of the Constitution to preclude members of the Executive; and Political Group Leaders and Whips from the administration and the major opposition Group from being members of the CGA Committee.” This change was made to bring the membership of the Committee into line with advice from the Chartered Institute of Public Finance and Accountancy (CIPFA) regarding the membership of audit committees.
- 2.3 As a consequence of this amendment the Assistant Chief Executive (Corporate Governance) authorised an amendment to Council Procedure Rules, removing the substitution provision for the CGA Committee. The previous rule in relation to substitution was as follows: “In relation to the Corporate Governance and Audit Committee, an Executive Member, Lead Member, Whip or Assistant Whip shall be entitled to attend meetings in place of a regular member of the Committee.” Such arrangements would have conflicted with the newly constituted membership of the Committee – as set out in Article 9.

## **3.0 Main Issues**

### Membership of the Committee – Article 9

- 3.1 As set out above Article 9 of the Constitution was amended last year so as to bring membership of the CGA Committee into line with CIPFA guidance regarding the membership of audit committees.
- 3.2 Since then officers have undertaken a review of how far the Leeds City Council CGA Committee complies with that guidance.
- 3.3 During this review officers identified that the CIPFA guidance suggests that in addition to independence from the Executive members of the Committee should also be “sufficiently independent of the other key Committees of the Council”
- 3.4 It would not be practical to separate membership of the CGA Committee from all other Committees of the Council as most members are involved with other Committees. However, officers believe that it would be appropriate to preclude Chairs of other committees from membership of CGA Committee as, by virtue of their leadership role as Chair it could be deemed that they, more so than other

members, are not “sufficiently independent of the other key Committees of the Council?”

3.5 Therefore, it is recommended that Article 9 of the Constitution be amended to read:

*“Members of the Executive; and Political Group Leaders and Whips from the administration and the major opposition Group are precluded from being members of the Corporate Governance and Audit Committee. Any member who is appointed to Chair a Committee of Council is also precluded from membership of the Corporate Governance and Audit Committee.”*

3.6 A copy of an amended Article 9 is attached at Appendix One to this report.

#### Amendment to Council Procedure Rules to reduce risk of inquorate meetings

3.7 Further to the changes that were implemented last year in relation to membership of the CGA Committee, the substitution arrangements that were in place were removed (as per paragraph 2.3 above).

3.8 Substitution arrangements reduce the risk of a meeting of a Committee being inquorate. As such, it is now necessary to consider arrangements to reduce the risk of the CGA Committee being inquorate.

3.9 Substitution arrangements for Committees at Leeds City Council are set out in the Council’s Constitution, and specify a defined pool of Members who are able to substitute at certain Committees. For example, in relation to each Regulatory Panel, the Council appoints substitute members, comprising members of the other Regulatory Panels.

3.10 It is proposed, therefore, that for the CGA Committee a defined pool of substitutes should be identified. As stated at paragraph 2.3 above the previous pool is no longer appropriate. Therefore, it is proposed that the pool is established via nominations from Whips. Each party would be able to nominate one substitute for each member that sits on the Committee. Whips would be asked to consider, in making their nominations, which members would have the appropriate knowledge and/or experience to substitute at the Committee. They would also be precluded from nominating any member excluded from full membership by the provisions of Article 9.

3.11 If this proposal is implemented Council Procedure Rules 26 would require an additional paragraph stating:

*“In relation to the Corporate Governance and Audit Committee, the Council shall appoint substitute members via nominations from party Whips. Each Whip shall nominate one substitute for each member that sits on the Committee. Whips may not nominate any members that would be excluded from full membership under the provisions of Article 9 of the Constitution.”*

3.12 The amended Council Procedure Rule is attached at Appendix Two to this report.

## **4.0 Implications For Council Policy And Governance**

4.1 Amending the rules regarding the membership of the CGA Committee so as to preclude Chairs of Council Committees from membership strengthens the independence of the Committee in line with the guidance from CIPFA.

4.2 Establishing substitution arrangements for the Committee strengthens the Council's governance arrangements by reducing the risk that meetings may be inquorate.

## **5.0 Legal And Resource Implications**

5.1 There are no legal or resource implications.

## **6.0 Recommendations**

6.1 The Committee is requested to recommend to Council that Article 9 of the Constitution is amended to read:

“Members of the Executive; and Political Group Leaders and Whips from the administration and the major opposition Group are precluded from being members of the Corporate Governance and Audit Committee. Any member who is appointed to Chair a Committee of Council is also precluded from membership of the Corporate Governance and Audit Committee.”

6.2 The Committee is also requested to recommend to Council an amendment to Council Procedure Rule 26 as set out below:

“In relation to the Corporate Governance and Audit Committee, the Council shall appoint substitute members via nominations from party Whips. Each Whip shall nominate one substitute for each member that sits on the Committee. Whips may not nominate any members that would be excluded from full membership under the provisions of Article 9 of the Constitution”.

**ARTICLE 9 –CORPORATE GOVERNANCE AND AUDIT COMMITTEE****COMPOSITION****Membership**

- 9.1.1 Members of the Executive; and Political Group Leaders and Whips from the administration and the major opposition Group are precluded from being members of the Corporate Governance and Audit Committee. Any member who is appointed to Chair a Committee of Council is also precluded from membership of the Corporate Governance and Audit Committee
- 9.1.2 The Chair of Standards Committee will be a non voting co-opted member of the Committee

*Council Procedure Rules*

shall not be the subject of discussion until the Council, committee, or sub-committee or other body as the case may be, has decided whether or not the power of exclusion of the public under section 100A of the Local Government Act 1972 shall be exercised.

**25.0 APPLICATION TO COMMITTEES AND SUB COMMITTEES**

25.1 All of the Council Procedure Rules apply to meetings of full Council. None of the Rules apply to meetings of the Executive (see Executive Procedure Rules). Only the following Rules apply to meetings of committees and sub-committees: 6, 7, 16.1, 16.2, 16.5, 17, 19, 21, 23 - 28.

25.2 References to “Lord Mayor” shall read “the Chair”.

**26.0 SUBSTITUTE MEMBERS**

26.1 Allocation

- (a) In relation to each Regulatory Panel, the Council shall appoint substitute members, comprising all other members of the other Regulatory Panels. A nominated member shall be entitled to attend meetings in place of a regular member, subject to the substitute member having received appropriate training.
- (b) In relation to the Members’ Management Committee, an Executive Member, Lead Member, Whip or Assistant Whip shall be entitled to attend meetings in place of a regular member of the Committee.
- (c) In relation to the Development Plan Panel, the Council shall appoint substitute Members, comprising all Members of the Regulatory Panels. A nominated Member shall be entitled to attend meetings in place of a regular Member, subject to the substitute Member having received appropriate training.

(d) ~~In relation to the Corporate Governance and Audit Committee, the Council shall appoint substitute members via nominations from party Whips. Each Whip shall nominate one substitute for each member that sits on the Committee. Whips may not nominate any members that would be excluded from full membership under the provisions of Article 9 of the Constitution”~~

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26.2 Substitution

A substitute member shall be entitled to attend in place of a regular member provided that the Committee Clerk has been notified of this before the meeting begins. Once the meeting has begun, the regular member in respect of whom notification has been received, shall no longer be entitled to attend that meeting as a member of the panel or committee concerned

26.3 Powers and Duties

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