

Corporate Governance and Audit Committee

Wednesday, 23rd April, 2008

PRESENT: Councillor J Bale in the Chair
Councillors D Blackburn, G Driver and
N Taggart (substitute for Cllr Minkin)

Co-optee Mike Wilkinson

Apologies Councillors E Minkin, C Campbell and
B Gettings

100 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

101 Exclusion of Public

There were no resolutions to exclude the public.

102 Late Items

The Chair indicated that, in accordance with his powers under the Local Government Act 1972, he had agreed to accept for inclusion on the agenda one Late Item (Minute 113). The report in question was not available at the time of agenda despatch due to the fact that relevant information was not available.

103 Declaration of Interests

Councillor Driver declared a personal interest in Item 7 (minute 108) due to his membership of the board of Aire Valley Homes.

104 Councillor Elizabeth Minkin

Having noted that Councillor Minkin had been admitted to hospital, the Chair undertook on behalf of the Committee to wish her a swift recovery. The Committee also paid tribute to Councillor Minkin's service to the City of Leeds, having noted that she was not seeking re-election in May.

105 Standards Committee Minutes

Members resolved to note the minutes of the Standards Committee meetings held on the 13th February and 13th March 2008.¹

106 Update Report on Risk Management Arrangements

Members received a report of the Director of Resources updating the Committee with the progress of key risk management and business continuity

¹ Members consideration of the minutes was undertaken informally, the minutes were formally noted when Councillor Blackburn arrived at the meeting.

management developments across the Council and its strategic partners since the previous report in November 2007.

Councillor David Blackburn arrived during consideration of this item.

Members particularly discussed the two critical services which, at the time the report was prepared, did not have business continuity plans in place. The Committee was informed that, since the report was written:

- the vulnerable young people referral team within Education Leeds had very nearly completed a plan; and
- that Eastmoor Secure Unit had not yet developed a full, tested DCM plan, although the Unit had stated that arrangements are in place for a range of different scenarios.

Members also discussed:

- the need to ensure that Members are more engaged in identifying risks for the Council's corporate risk register;
- exemptions for critical services with regard to industrial action; and
- the challenges for risk management under the new performance and inspection regime.

RESOLVED – Members resolved to:

- note the progress report on the Council's risk management and business continuity management arrangements;
- request that the position with Eastmoor Secure Unit is brought to the attention of the appropriate Executive Member(s); and
- to receive further update reports on risk management and business continuity management with particular reference to any issues of resource management.

107 Minutes

Members resolved that the minutes of the Corporate Governance and Audit Committee meetings held on the 12th and 19th March 2008 be approved as a correct record.

108 Aire Valley Homes Leeds - Internal Audit

Members received a report of the Head of Strategic Landlord responding to the resolution of the Corporate Governance and Audit Committee meeting on 14th January and describing the current position regarding internal audit arrangements in Aire Valley Homes.

Merran McRae, the Chief Executive of Aire Valley Homes, was present at the meeting to respond to any questions from Members.

The Committee particularly discussed:

- the distinction between the Council's internal audit function carrying out audits of the Council's systems, some of which were used within Aire Valley Homes and Aire Valley Homes' need for an independent internal audit function;

- the requirement placed on local authorities to establish an independent internal audit function in order to comply with relevant legislation and that this requirement extends to companies wholly owned by the Council; and
- the role of the management agreement governing relationships between the Council and the Arms Length Management Organisations (ALMOs) in stipulating the need for an independent internal audit function.

The Committee received assurance from the Chief Executive of Aire Valley Homes that an internal audit function will be established for the forthcoming year. The Head of Strategic Landlord also reported that the management agreement governing relationships between the Council and ALMOs will be amended to require all ALMOs to have in place an independent internal audit function.

RESOLVED – Members resolved to note the report and assurances provided by the Strategic Landlord to work with Aire Valley Homes to put in place independent internal audit arrangements for 2008/09, and to amend the management agreement for ALMOs to require each to have independent internal audit arrangements in place.

109 Governance arrangements for the EASEL regeneration project

Members received a report of the Director of Environment and Neighbourhoods providing the Committee with background information about the establishment of the joint venture partnership under the East and South East Leeds (EASEL) regeneration initiative and setting out the corporate governance and audit arrangements for the company.

Members sought clarity regarding how and by whom decisions will be taken, in particular the role of the Steering Group. The Committee was assured that many of the strategic decisions had been reserved to the Executive Board and would, therefore, be subject to the normal decision-making procedures of the Council.

Members also discussed:

- whether minutes of the Board meetings will be made available to the public; and
- the process for approving the Memorandum of Understanding and Articles of Association, in particular the role of Elected Members in that approval process.

RESOLVED – Members resolved to:

- support the designation of the EASEL joint venture company as a significant partnership of the council;
- note the information contained in the report; and
- recommend to the Executive Board that, in signing the management agreement for the EASEL project, they seek greater clarity from officers regarding which decisions will no longer be subject to the Council's constitutional arrangements, and what alternative arrangements will be in place to ensure that decisions are taken in an informed, transparent way which is open to the scrutiny of the public and Members.

110 International Financial Reporting Standards

Members received a report of the Director of Resources informing Members of the implications of the pending introduction of International Financial Reporting Standards (IFRS).

Members particularly discussed:

- the changes to accounting for PFI and the impact on the Council's balance sheet;
- the potential benefits of the changes, particularly the increased level of disclosure required by the Council regarding any financial risks (for example, rising interest rates) and the fact that the new procedures will enable the Council to have a better understanding of the true cost of maintaining its assets.

RESOLVED – Members resolved to note the implications for the Council's accounts of the introduction of IFRS.

111 Update on 'Delivering Successful Change' Project

Members received a report of the Director of Resources providing an update on the progress of Delivering Successful Change (DSC).

RESOLVED – Members resolved to:

- note the further progress of the project and the links between DSC and the evolving Council Change Programme;
- support the requirement for officers involved in programme and project management to adhere to Council policy and the corporate approaches and use their offices to help ensure that projects are subject to appropriate project assurance; and
- continue to receive quarterly reports from the DSC project.

112 Corporate Governance and Audit Committee Draft Annual Report

Members received a report of the Assistant Chief Executive (Corporate Governance) presenting the first draft of the Corporate Governance and Audit Committee annual report.

RESOLVED – Members resolved to:

- approve the draft report; and
- authorise the Assistant Chief Executive (Corporate Governance) to make any amendments (as per suggestions from Members) and to approve the final report prior to it being received at full Council in the new municipal year.

113 LATE ITEM Leeds Community Foundation

Members received a report of the Assistant Chief Executive (Corporate Governance) providing a brief summary to the Committee on the background and role of the Leeds Community Foundation.

RESOLVED – Members resolved to:

- note the initial review of the Council's relationship with the Leeds Community Foundation; and
- request a report to a future meeting providing further detailed information regarding the Council's relationship with the Foundation and the governance of the Foundation itself.

114 Work Programme

Members received a report of the Assistant Chief Executive (Corporate Governance) notifying them of the draft work programme for the next municipal year, 2008/09.

RESOLVED – Members resolved to note the draft work programme.