

Corporate Governance and Audit Committee

Wednesday, 29th July, 2009

PRESENT: Councillor J Bale in the Chair
Councillors G Driver, P Grahame,
N Taggart, C Campbell, G Kirkland,
T Leadley, A Lowe and R D Feldman

Apologies Councillors D Blackburn and G Latty and
Mr M Wilkinson

17 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

18 Exempt Information - Possible Exclusion of the Press and Public

There were no resolutions to exclude the public.

19 Late Items

There were no late items added to the agenda.

20 Declaration of Interests

Councillors Driver and Lowe declared an interest in item 8 of the agenda (Minute 25 refers) as a Board member of Aire Valley Homes ALMO and West North West Homes ALMO respectively.

21 Apologies for Absence

Apologies for absence from the meeting were received on behalf of Councillors Blackburn and Latty, and Mr Mike Wilkinson. The Chair welcomed Councillor Feldman who was in attendance as a substitute for Councillor Latty.

22 Minutes of the Previous Meeting

RESOLVED – The minutes of the Corporate Governance and Audit Committee meeting held on 30th June 2009 were approved as a correct record.

(Councillors Campbell and Grahame arrived at 10.05am during this item.)

23 Matters Arising

Further to Minute 10, Members raised concerns regarding the quality of KPMG's report and the reliability of the assurances provided. It was agreed that officers should liaise with KPMG regarding these concerns, in order to ensure that future reports are evidence based (and show that the evidence has been tested), and clearly set out the assurances that are being provided. It was also agreed that the Committee would be kept informed of the actions taken regarding this issue.

24 Minutes of the Standards Committee

Further to Minute 14, Members discussed the reasons why the Standards Committee had resolved not to inform the Subject Member of the existence of a complaint prior to the meeting of the Assessment Sub-Committee meeting, and were assured that they would be consulted prior to this decision being reviewed by the Standards Committee in October 2009.

RESOLVED - That the minutes of the Standards Committee meeting held on 8th July 2009 be noted.

25 ALMO Inspection Action Plans

The Head of Strategic Landlord presented a report of the Chief Housing Services Officer advising the Corporate Governance and Audit Committee of the actions taken by the ALMOs and Strategic Landlord to address the recommendations in the 2008 Audit Commission Inspection reports.

Members particularly discussed:

- The consequences for Leeds of a 1 star rating, which was achieved by two of the ALMOs;
- Whether accountability for the ALMOs' performance ultimately rests with Strategic Landlord or the ALMOs. The Head of Strategic Landlord confirmed that Strategic Landlord is accountable for ensuring the delivery of housing management functions which have been delegated to the ALMOs;
- Their concerns regarding the independence of the ALMOs, and the Council's involvement in some operational issues;
- Whether the other two ALMOs would be placed at a disadvantage in the review of the future of council housing, should Aire Valley Homes use its 2 star status to manage newbuild stock;
- The impact any potential merging of the ALMOs would have on the 2 star rating of Aire Valley Homes; and
- The nature of the inspection process, and the lack of consistency in the outcomes reported.

The Committee was informed that an ALMO Governance workshop had been held by officers in Corporate Governance and Strategic Landlord, in order to seek clarity in relation to the ALMO governance framework. The Head of Strategic Landlord had agreed to undertake some further work in order to

ensure that the Management Agreement and monitoring arrangements are clear and fit-for-purpose.

Members requested that the Head of Strategic Landlord also undertake further work with the ALMOs regarding their responsibilities in relation to prospective tenants, which had not been raised in the inspection reports.

RESOLVED – That the actions being taken to address the inspection recommendations be noted.

26 Belle Isle Tenant Management Organisation - Governance Arrangements

The Head of Strategic Landlord presented a report of the Chief Housing Services Officer informing Members of the history and governance arrangements for Belle Isle Tenant Management Organisation (BITMO).

Members particularly discussed:

- The Council's relationship with BITMO, and how this differs to the relationship with the ALMOs;
- The reasons why the Modular Management Agreement (MMA) had been finalised under the previous Right to Manage guidance. It was confirmed that Strategic Landlord were currently working with BITMO and officers in Legal, Licensing and Registration to review the MMA under the latest guidance; and
- Their concern that some Residents' Associations have been contacted regarding setting up a Tenant Management Organisation where this may not be appropriate, and that the Council is unable to stop this process.

Members requested that further reports be presented to the Committee during the current municipal year regarding the ALMO re-inspections, the upcoming BITMO tenants' ballot and the issue of Residents' Associations being approached to set up Tenant Management Organisations.

RESOLVED –

- (a) That the report be noted; and
- (b) That further reports be submitted to the Committee in the current municipal year regarding any governance implications arising from:
 - (i) the ALMO re-inspections;
 - (ii) the upcoming BITMO tenants' ballot; and
 - (iii) the issue of Residents' Associations being approached to set up Tenant Management Organisations.

27 KPMG Health Inequalities Report

The Deputy Director (Partnerships and Organisational Effectiveness) presented a report of the Director of Adult Social Services, detailing the findings of KPMG's review of health inequalities.

A representative of KPMG was in attendance to respond to Members' questions.

Members particularly discussed:

- The need to be assured that the actions being taken as a result of the audit would improve the City's health inequalities statistics, particularly the gap between the two wards with the highest and lowest life expectancy;
- Their disappointment that the report hadn't addressed mental health issues, which has a link to life expectancy;
- The need for NHS Leeds to work in partnership with the Council in achieving the recommendations of the audit report;
- Their concern that health (and other) strategies and policies appear not to be consistently taken account of in decision making and might therefore not be having as great an impact at 'grass roots' level as they could be;
- The need to address all factors affecting mortality rates, which are multiple, as well as to focus on areas where a difference can be made, such as infant mortality rates; and
- The importance of providing services that meet the needs of all communities.

The Committee was informed that KPMG would look at the progress made on the action plan as part of their work for 2009/10. Members highlighted the need for all Area Committees to be involved in addressing health inequalities, and for a more detailed analysis of the causes of the current position to be undertaken.

RESOLVED –

- (a) That the findings of KPMG's audit on health inequalities be noted; and
- (b) That the preparation of joint action plans for areas where work is not already in hand be noted.

(Councillor Taggart arrived at 11.10am, and Councillor Campbell left the meeting at 11.30am, during the consideration of this item.)

28 Annual Internal Audit Report

The Head of Internal Audit presented a report of the Director of Resources bringing to the Committee's attention issues raised by Internal Audit in the annual report for 2008/09 and the proposed internal audit plan for 2009/10.

In relation to the results of the Internal Audit customer satisfaction questionnaires, Members requested that the actual number of officers involved also be presented, as the percentages alone were not meaningful.

Members also discussed the possible reasons why the number of whistleblowing referrals had increased by 61% from 2007/08 to 2008/09. Members also requested that a further report be submitted to the Committee

in 6 month's time regarding the work undertaken in relation to the Strategic Landlord Management and Assurance Framework.

RESOLVED –

- (a) That the Annual Internal Audit report 2008/09 be received, and the opinion on the control environment be noted;
- (b) That the 2009/10 internal audit plan be approved; and
- (c) That a further report be submitted in 6 month's time regarding the work undertaken in relation to the Strategic Landlord Management and Assurance Framework.

(Councillors Grahame and Lowe left the meeting at 12 noon during the consideration of this item.)

29 Review of the Effectiveness of the System of Internal Audit

The Head of Internal Audit presented a report of the Director of Resources presenting the review of the effectiveness of the Council's system of internal audit for 2008/09, and highlighting some areas for improvement in 2009/10.

It was confirmed that Internal Audit could review any area of the Council, however difficulties had been encountered in working with some of the ALMOs. Members reiterated the need for the Council's auditors to be as rigorous as possible, and the importance of the Committee working independently of the Executive Board.

RESOLVED –

- (a) That the report be approved; and
- (b) That the positive outcome of the review of the effectiveness of the system of internal audit be noted.

30 Work Programme

The Assistant Chief Executive (Corporate Governance) submitted a report notifying Members of the draft work programme for 2009/10.

RESOLVED – That the draft work programme for the remainder of the municipal year be noted.