

# Public Document Pack



**Service Director – Legal, Governance and  
Commissioning**

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Thursday 27 June 2019

## Notice of Meeting

Dear Member

### **Corporate Governance and Audit Committee**

The **Corporate Governance and Audit Committee** will meet in the **Meeting Room 1 - Town Hall, Huddersfield** at **11.00 am** on **Friday 5 July 2019**.

The items which will be discussed are described in the agenda and there are reports attached which give more details.

Please note there will be an introductory training session for all committee members starting at 9.30am.

A handwritten signature in black ink, appearing to read "Julie Muscroft".

**Julie Muscroft**

**Service Director – Legal, Governance and Commissioning**

Kirklees Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair/Clerk of their intentions prior to the meeting.

## **The Corporate Governance and Audit Committee members are:-**

### **Member**

Councillor Will Simpson (Chair)  
Councillor Kath Pinnock  
Councillor Steve Hall  
Councillor John Taylor  
Councillor Paola Antonia Davies  
Councillor Susan Lee-Richards  
Councillor Martyn Bolt

When a Corporate Governance and Audit Committee member cannot be at the meeting another member can attend in their place from the list below:-

### **Substitutes Panel**

#### **Conservative**

B Armer  
V Lees-Hamilton  
N Patrick  
M Thompson  
R Smith

#### **Green**

K Allison

#### **Independent**

C Greaves  
T Lyons

#### **Labour**

E Hill  
M Sokhal  
M Kaushik  
A Butt

#### **Liberal Democrat**

A Munro  
A Pinnock  
J Lawson  
A Marchington

### **Ex Officio Members**

Councillor Graham Turner  
Councillor Elizabeth Smaje

# Agenda

## Reports or Explanatory Notes Attached

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**Pages**

**1: Membership of the Committee**

This is where Councillors who are attending as substitutes will say for whom they are attending.

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**2: Minutes of Previous Meeting**

1 - 10

To receive and approve the Minutes of the previous meetings held on 26 April and 17 May 2019.

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**3: Interests**

11 - 12

The Councillors will be asked to say if there are any items on the Agenda in which they have disclosable pecuniary interests, which would prevent them from participating in any discussion of the items or participating in any vote upon the items, or any other interests.

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**4: Admission of the Public**

Most debates take place in public. This only changes when there is a need to consider certain issues, for instance, commercially sensitive information or details concerning an individual. You will be told at this point whether there are any items on the Agenda which are to be discussed in private.

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**5: Deputations/Petitions**

The Committee will receive any petitions and hear any deputations from members of the public. A deputation is where up to five people can attend the meeting and make a presentation on some particular issue of concern. A member of the public can also hand in a petition at the meeting but that petition should relate to something on which the body has powers and responsibilities.

In accordance with Council Procedure Rule 10 (2), Members of the Public should provide at least 24 hours' notice of presenting a deputation.

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**6: Public Question Time**

The Committee will hear any questions from the general public.

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**7: Bad Debts Write Off**

13 - 20

To receive the report.

Contact: Mark Stanley, Welfare and Exchequer Services

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**8: Financial Management Code of Practice**

21 - 38

To receive the report.

Contact: Eamonn Croston, Finance Director

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**9: Update on Council's final accounts for 2018/19.**

39 - 46

To receive the report.

Contact: James Anderson, Senior Finance Manager.

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**10: Informing the Audit Risk Assessment**

47 - 76

To receive the report.

Contact: Martin Dearnley, Head of Audit and Risk

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**11: A Revised Employee Relations Framework**

77 - 94

To consider an update on the Council's revised Employee Relations Framework.

Contact: Deborah Lucas, Head of People's Services

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**12: Members Allowance Independent Review Panel -  
Locality Lead Role**

95 - 100

To agree the recommendation of the Review Panel on the Locality Lead role, for submission to Council.

Contact: Richard Farnhill, Council Business Manager

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Contact Officer: Andrea Woodside

## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Friday 26th April 2019**

Present: Councillor Hilary Richards (Chair)  
Councillor Carole Pattison  
Councillor Kath Pinnock  
Councillor John Taylor

Apologies: Councillor Julie Stewart-Turner

**1 Membership of the Committee**

Apologies for absence were received on behalf of Councillor Stewart-Turner.

**2 Minutes of Previous Meeting**

**RESOLVED** - That the Minutes of the meeting held on 8 March 2019 be approved as a correct record.

**3 Interests**

No interests were declared.

**4 Admission of the Public**

It was noted that Agenda Item 16 would be considered in private session.

**5 Deputations/Petitions**

None received.

**6 Proposed Amendments to the Constitution**

The Committee gave consideration to a report, prior to its submission to Annual Council on 22 May 2019, which set out proposed changes to the Council's constitution. The Committee were advised that the Constitution had been reviewed throughout the year and that minor changes had been made in line with authority delegated to the Monitoring Officer. It was noted that the amendments made by the Monitoring Officer under delegated powers were set out at Appendix 1 to the report.

Paragraph 2 of the report provided a breakdown of the proposed constitutional changes, along with a rationale for the proposed amendments. The Committee gave consideration to all of the proposed changes and were supportive of the proposals with the exception of the suggested re-wording of CPR 18(17), regarding the closure of debate. It was agreed that further discussion was needed in regards to this and it was determined that the matter be referred for the consideration of the Kirklees Democracy Commission Members.

## Corporate Governance and Audit Committee - 26 April 2019

The Committee were also provided with a copy of Access to Information Procedure Rules, and were advised that changes had been made to the document in accordance with the delegation agreement.

### **RESOLVED –**

- (1) That the proposed changes to the Constitution, as set out at paragraphs 2.03, 2.04, 2.07, 2.08, 2.11 and 2.12, and Appendices 2 to 4 be noted.
- (2) That the amendments to (i) the Constitution and (ii) Access to Information Procedure Rules, as set out in Appendices 1A and 1B, as permitted under delegated authority, be noted.
- (3) That the proposed changes, as considered at (1) above, be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval, subject to the removal of the proposed amendment to Council Procedure Rule 18(17)(a).

### **7 Proposed Changes to the Code of Conduct**

The Committee received a report which set out proposed changes to the Code of Conduct, resulting from the publication of the 'Local Government Ethical Standards' report, which was attached at Appendix 1 of the considered report, and set out a number of recommendations and best practice suggestions. It was noted that previous consideration had been given to the recommendations by Standards Committee, and the views of the Committee were summarised at Appendix 2, and paragraphs 2.14 to 2.23 of the report.

The Committee noted the recommendation that Town and Parish Councils adopt the Kirklees Code of Conduct, and welcomed this proposal. Other recommendations related to having a named point of contact within the Council for whistleblowing, induction training for Councillors, availability of the Code of Conduct and the complaints process within Council buildings, and the appointment of Independent Persons.

In regards to gifts and hospitality, the report recommended that aggregate gifts totalling over £100 from a single source should be declared. The Committee agreed that a time period should be applied to this and that it therefore be amended to reflect that the declaration should refer to gifts in an accumulative 12 month period.

**RESOLVED** - That the proposed changes to the Code of Conduct and Standards Process as set out at paragraphs 2.03, 2.07, 2.08, 2.09, 2.14, 2.15, 2.16, 2.17, 2.19 – 2.23, and Appendices 3 to 4 be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval, subject to an amendment at paragraph 2.08 to clarify that the £100 applies over a 12 month accumulative period.

### **8 Proposed Amendments to Health and Wellbeing Board - Terms of Reference**

The Committee received a report which set out proposals for amendments to the terms of reference of Health and Wellbeing Board. The proposed revisions, which were illustrated within the report, set out a change to the membership of the Board



## Corporate Governance and Audit Committee - 26 April 2019

to include (i) a nominated representative from the Kirklees Integrated Health Provider Board and (ii) a representative of the Council's Overview and Scrutiny Committee as an invited observer. It was advised that the membership had not been updated since 2013 and the proposed changes were reflective of a shift to a more collaborative approach to working.

The Committee noted the proposed changes, and endorsed the submission of the report to Annual Council for approval.

**RESOLVED** - That the revised Terms of Reference for Health and Wellbeing Board be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval.

### 9 **Proposed Dates Of Council - Municipal Year 2019/2020**

The Committee gave consideration to the proposed schedule of Council meetings for the 2019-2020 municipal year.

The report proposed that meetings be held on 17 July 2019, 18 September 2019, 16 October 2019, 13 November 2019, 11 December 2019, 15 January 2020, 12 February 2020, 18 March 2020 and 20 May 2020.

The Committee noted the proposed dates and endorsed the submission of the report to Annual Council for approval.

**RESOLVED** - That the proposed dates of Council meetings 2019-2020 be endorsed and submitted to the meeting of Annual Council on 22 May 2019 with a recommendation of approval.

### 10 **Proposed Amendments to Contract Procedure Rules**

The Committee gave consideration to a report which set out proposed revisions to the Council's Contract Procedure Rules. The revised Contract Procedure Rule document was appended to the considered report and a summary of the changes were set out at Appendix A, which highlighted the proposals in a comparative format. It was noted that the main proposed area as for amendment related to values and aligned most actions to thresholds of £25k to £100k, and that other changes included the need for electronic tendering with the electronic portal system providing appropriate control, and to entitle the Head of Procurement to make supplier selections to submit tenders below a £100k threshold.

The Committee were asked to refer the proposals to Annual Council and were also asked to note that EU procurement values may change from 1 January 2020, which would necessitate a revision to these rules.

**RESOLVED –**

- (1) That the proposed amendments to Contract Procedure Rules, as summarised at Appendix A, be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval.

- (2) That, pursuant to (1) above, it be noted that EU Procurement Values may change from 1 January 2020, which would necessitate further revisions.

**11 Proposed Amendments to Financial Procedure Rules**

The Committee gave consideration to a report, prior to its submission to Annual Council on 22 May 2019, which set out proposed changes to Financial Procedure Rules, mainly in regards to procedures relating to capital and income management.

Paragraph 2 of the considered report provided an overview of the rationale for the changes and the proposed changes were illustrated by track changes in the appendix to the considered report.

The Committee were asked to approve the submission of the document to Annual Council for endorsement. Discussion took place in regards to paragraphs 3.16 and 3.17, whereby the delegations to KNH and other subsidiary organisations were removed and decisions were to be taken by Cabinet or through delegation to officers. The Committee considered that it was important to have an understanding of how this change in responsibility would impact upon KNH and it was agreed that a report be submitted to a future meeting setting out the implications in terms of governance and risk.

**RESOLVED –**

- (1) That the proposed changes to Financial Procedure Rules be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval.
- (2) That a report be submitted to a future meeting regarding risk and governance at Kirklees Neighbourhood Housing.

**12 Annual Report of Internal Audit 2018/2019**

The Committee received the 2018-2019 Annual Report of Internal Audit, which provided an overview of internal audit activity and conclusions on the control environment and assurance.

The report set out (i) information on internal audit activity in the year ending 31 March 2010 (ii) an opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control (iii) information regarding compliance with the requirements of Public Sector Internal Audit Standards and Code of Ethics and (iv) an Audit Plan for 2019-2020, indicating the priorities for the year.

The report advised that, based upon an objective assessment of the Council's framework of governance, risk management and control, it had been concluded that overall arrangements to operate Council business effectively were sound. In discussing the report, the Committee noted the significant areas of operation which provided limited assurance, including matters relating to SAP security, safeguarding, mandatory training and corporate performance information.

**RESOLVED –**

- (1) That the 2019 Internal Audit Strategy and Charter be approved.

- (2) That the Committee notes that it is content with (i) the effectiveness of the internal audit function and its conformance with Public Sector Internal Audit Standards and Code of Ethics (ii) the effectiveness of the Council's overall system of internal control (iii) the effectiveness of the broader control environment, risk management and governance arrangements of the Council and (iv) proposed audit plans.

**13 Annual Governance Statement 2018/2019**

The Committee received the draft Annual Governance Statement, which covered the period up until the Annual Statement of Accounts is considered at the meeting of the Committee in July 2019. It was noted that the Statement was a statutory requirement to accompany the Statement of Accounts relating to assurance in regards to governance and the internal control environment. The report advised that the draft Statement had been complied following the annual review of effectiveness of the overall internal control and governance arrangements, and highlighted a number of 'significant governance issues', several of which were ongoing from the previous year. It was noted that the actions and controls which were being taken to address the issues raised were being formulated into an action plan which the Committee would be able to monitor during the forthcoming year.

The Committee were advised that a finalised version of the Statement would be submitted to Committee prior to the submission of the Annual Accounts in July 2019.

Discussion took place which focussed upon the progress of issues in last year's statement and actions to be developed during 2019/20, specifically the strengthening of the corporate plan and risk management, the implementation of the Children's Services Improvement Plan and managing transformation activities. It was agreed that, in terms of strengthening partnership governance, it was important that the relationship with KNH is strengthened and it was noted that new governance control and management arrangements had been implemented, which would be subject to review in 12-18 months.

It was noted that the Committee would continue to monitor the progress of the action plan throughout the year on a quarterly basis.

**RESOLVED –**

- (1) That the draft Annual Governance Statement be received and noted.
- (2) That it be noted that new governance control at Kirklees Neighbourhood Housing will be monitored and that partnership governance be strengthened.

**14 Quarterly Report Of Internal Audit 2018/2019 (Quarter 4)**

The Committee received the Internal Audit Quarterly Report, Quarter 4, which set out an overview of internal audit activity in the third quarter of 2018/2019.

The report provided feedback on 2 investigations, 16 formal opinion based pieces of work and 8 other tasks. The Committee were advised that the investigations related

## Corporate Governance and Audit Committee - 26 April 2019

to the management of blue badges and gritting route completion. The report also included a summary of progress against the actions contained as a consequence of the 2017/2018 Annual Governance Statement.

**RESOLVED** - That the Q4 Internal Audit Report 2019/20 be noted.

### 15 **Exclusion of the Public**

**RESOLVED** – That acting under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act, as specifically stated in the undermentioned Minute.

### 16 **Quarterly Report Of Internal Audit 2019/2020 (Quarter 4)**

(Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006, namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption, which would protect the interests of the Council and the company concerned, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.)

The Committee received the Internal Audit Quarterly Report, Quarter 4, which set out an overview of internal audit activity in the third quarter of 2018/2019.

**RESOLVED** –

(1) That the Q4 Internal Audit Report 2019/20 be noted.

(2) That, in relation to the follow up audit of Commercial, Operational and Regulatory Services, a management representative be asked to attend a future meeting.

Contact Officer: Andrea Woodside

## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Friday 17th May 2019**

Present: Councillor Carole Pattison (Chair)  
Councillor Kath Pinnock  
Councillor John Taylor  
Councillor Karen Allison  
Councillor Mohan Sokhal

Observers: Councillor Susan Lee-Richards  
Councillor Will Simpson

**1 Appointment of Chair**

Councillor Pattison was appointed as Chair for this meeting of the Committee.

**2 Membership of the Committee**

Councillor Sokhal substituted for the Labour Group vacancy.

Councillor Allison substituted for the Green Group vacancy.

**3 Interests**

No interests were declared.

**4 Admission of the Public**

It was noted that all Agenda Items would be considered in public session.

**5 Deputations/Petitions**

None received.

**6 Place Lead Role**

The Committee gave consideration to a report which set out proposals for the creation of a new place lead role for Councillors, to take effect from the beginning of the municipal year. The report provided details of the proposed role, which was integral to a place based working approach, and sought agreement for the role profile, as appended to the report, to be considered by the Independent Members Allowances Review Panel.

The Committee were advised that a place lead role was proposed for the localities of; (i) Batley, Birstall and Birkenshaw (ii) Spennings Valley (iii) Dewsbury (iv) Huddersfield North (v) Huddersfield Central (vi) Huddersfield Rural and (vii) Colne Valley and that the role would work alongside a designated Cabinet Lead Member in order to develop and implement a place based working approach within a geographical area, applying a topic or theme based approach.

## **Corporate Governance and Audit Committee - 17 May 2019**

In discussing the report, the Committee commented that the role profile needed to be presented in plain English and be more detailed, specifically clarifying the role of the lead member in the scrutiny process and their wider involvement in decision making. It was also requested that a breakdown of the wards within the localities be provided.

The Committee noted that the report would be submitted to the meeting of Annual Council on 22 May 2019 for determination, alongside a report on Ward and Place Partnerships.

### **RESOLVED -**

- (1) That the comments of the Committee regarding the need to re-draft the role profile in order to provide more clarity regarding the function of the role be noted.
- (2) That the Committee recommends that the meeting of Annual Council, on 22 May 2019, agrees (i) to establish the role of Place Lead and (ii) that the remuneration for the role be referred to the Members Allowances Independent Review Panel.

## **7 Annual Procurement Update**

The Committee received a report which provided an update on procurement compliance activity during the financial year 2018/19 and highlighted activities undertaken to strengthen procurement rule compliance. The report set out the key areas of progress on the implementation of a new management structure, which had been designed to provide a more centralised focus and strengthen arrangements, and the progress to date on implementing a new approach to procurement across the council category management system.

The Committee gave consideration to the key challenges as set out in the report, which included the implications of a no deal exit from the EU, achieving the right balance of proportionality and ensuring value for money, and making the transition to a proactive state through the implementation of the new structure which would enable more opportunity to deliver value for money. The Committee requested that the next update report shall provide examples of how the changes which were currently being implemented had made an impact upon service delivery and provision.

**RESOLVED -** That the update on procurement compliance activity for the 2018/2019 financial year be received and noted.

## **8 Annual Report on Treasury Management 2018-19**

The Committee gave consideration to a report, submitted in accordance with Financial Procedure Rules, which reviewed treasury management activities for the previous financial year. The Committee were advised that the Council's investments averaged £45.2m and had earned an average interest rate of 0.67%. The report explained that total external borrowing had decreased for the year by £18.8m to £394.4m, which had been due to a variety of reasons including repayment of existing debt, slippage in the capital plan and higher internal borrowing.

## Corporate Governance and Audit Committee - 17 May 2019

The Committee noted that the Council's treasury management investments totalled £39.1m at 31 March 2019 and that an average of £45.2m had been invested externally during the year, which had resulted in a generated income of £195k.

The report also provided an update on borrowing requirement and debt management, trends in treasury management activity, risk and compliance issues, loan funding sources and investment opportunities. In terms of 2019-2020, it was advised that the Council would continue to look to repay existing long term debt at appropriate opportunities. The Committee were advised that there may be Lenders Option Borrowers Option loans which present the opportunity to convert or refinance and that it was intended that Officers would liaise with Arlingclose, the Council's external Treasury Management advisors, in order to review lender options.

### **RESOLVED -**

- (1) That the Annual Report on Treasury Management 2018-2019 be received and noted.
- (2) That the proposals to review LOBO loan re-financing options in conjunction with Arlingclose, if considered beneficial, be agreed.
- (3) That the intention to undertake an investment in the Local Authorities Property Fund during 2019/20 be noted.
- (4) That the report be submitted to the meetings of (i) Cabinet on 18 June 2019 and (ii) Council on 17 July 2019.

### **9 External Audit - Progress Report and Sector Update**

The Committee received the External Audit update report, which provided an update on progress as at 8 May 2019, specifically in regards to the financial statements audit and value for money, and set out an overview of the interim audit work that had been undertaken between January and March 2019.

The Committee gave consideration to the Action Plan for IT General Controls which was contained within the update and set out a series of recommendations for identified areas of issue and risk.

The report also provided a summary of relevant emerging national issues, which included matters relating to PSAA audit work 2017/18, the CIPFA social care risk tool and revisions to financial resilience index plans for local authorities.

**RESOLVED -** That the External Audit Progress Report and Sector Update be received and noted.

### **10 External Audit Fee**

The Committee received a copy of notification from Grant Thornton External Audit, to the Chief Executive, dated 24 April 2019, which detailed the planned audit fee for 2019/2020. It was noted that the Council's scale fee for 2019/20 had been set by Public Sector Audit Appointments (PSAA) at £122, 221. The letter set out detail on the scope of the audit fee. The Committee were advised that the final accounts work and value for money conclusion would be completed between January and July 2020.

**RESOLVED -** That the External Audit Fee 2019/2020 be noted.

- 11 Annual Report of Corporate Governance and Audit Committee 2018/19**  
The Committee received the Annual Report of Corporate Governance and Audit 2018-2019, which provided an overview of the role the Committee and its key responsibilities. The report set out details of the topics which the Committee had considered during the 2018-2019 municipal year in ensuring that the Council had sound governance, assurance and internal control processes within the organisation.

Discussion took place regarding providing a more comprehensive document for the 2019-2020 municipal year, which could then be submitted to Council. In terms of content, it was agreed that the Chair of the Committee should play a role in determining key headlines to include within the report and that information regarding the external assessment by the LGA should also be included.

**RESOLVED** - That the Annual Report of Corporate Governance 2018/2019 be received and noted and that the Committee constituted for the 2019/2020 municipal year be asked to give consideration to the content of the report.



<b>KIRKLEES COUNCIL</b>				
<b>COUNCIL/CABINET/COMMITTEE MEETINGS ETC</b>				
<b>DECLARATION OF INTERESTS</b>				
Corporate Governance and Audit Committee				
Name of Councillor				
Item in which you have an interest	Type of interest (eg a disclosable pecuniary interest or an "Other Interest")	Does the nature of the interest require you to withdraw from the meeting while the item in which you have an interest is under consideration? [Y/N]	Brief description of your interest	

Signed: ..... Dated: .....

## NOTES

### Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your disclosable pecuniary interests under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.

Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.

Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -

- under which goods or services are to be provided or works are to be executed; and
- which has not been fully discharged.

Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.

Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.

Any tenancy where (to your knowledge) - the landlord is your council or authority; and the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -

- (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
- (b) either -

the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.



**Name of meeting: Corporate Governance and Audit Committee**

**Date: 5 July 2019**

**Title of report: Annual report on bad debt write-offs, 2018-19**

**Purpose of report**

Financial Procedure Rules require the Service Director, Finance & Transactional Services, to prepare an annual consolidated report on all debts written off annually, for consideration by the Corporate Governance and Audit Committee. This report details the debts written off in the financial year 2018-19.

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	<b>No</b>
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports)</a>?</b>	<b>No</b>
<b>The Decision - Is it eligible for "call in" by Scrutiny?</b>	<b>"Not applicable"</b>
<b>Date signed off by Strategic Director &amp; name</b>	
<b>Is it also signed off by the Service Director, Finance &amp; Transactional Services?</b>	<b>Eamonn Croston</b>
<b>Is it also signed off by the Service Director - Governance and Commissioning Support ?</b>	<b>Julie Muscroft</b>
<b>Cabinet member portfolio</b>	<b>Cllr Graham Turner</b>

**Electoral wards affected: None**

**Ward councillors consulted: None**

**Public or private: Public**

**1. Summary**

- 1.1 The Chief Financial Officer has to prepare an annual consolidated report of all debts written off for consideration by the Corporate Governance and Audit Committee. This report includes summary detail on the Council's approach to debt recovery and a summary schedule of debts written-off over the past 12 months, at Appendix A.
- 1.2 The Council has a good record of taking strong recovery action to make sure that everyone who should pay, does. The write off figures within this report show how important it is for everyone to pay their share of the charges to help fund essential

Council services and wherever possible payment by direct debit is encouraged and promoted.

- 1.3 Overall, debts written-off in 2018-19 totalled £5,99m; as a percentage of debt raised in the year, is 1.24%. The previous year 2017-18, £5.5m was written off; equivalent to 1.31% of debt raised. In percentage terms, it is pleasing to note an improving trend. The equivalent write-offs in 2016-17 were £5.8m and the percentage was 1.4% of debt raised.

## **2. Information required to take a decision**

- 2.1 Financial Procedure Rules authorise Directors to write off all individual bad debts subject to the approval of the Chief Financial Officer. A report on the details of all debts written off under delegated authority must be prepared and formally noted by the Director in consultation with the Cabinet Member. The Chief Financial Officer has to prepare an annual consolidated report of all debts written off for consideration by the Corporate Governance and Audit Committee.
- 2.2 Appendix A contains details of debts written off in 2018-19. The first table compares amounts written off in 2018-19 to those written off in 2017-18. The second table shows a detailed analysis of the reasons for write off in 2018-19. In both tables, the amount of debt raised in the financial year is shown as a guide - the amount written off in the year is not directly related to this as it is likely to include debts outstanding from previous years. For information Appendix B is a comparison of 2017 -18 write offs with the top 10 Metropolitan LA's (2018-19 data not available yet).
- 2.3 The figures for write off of Adult Social Care debt, Housing Benefit Overpayments recovery, Housing Revenue Account (HRA), Council Tax and Business Rates make up the top 5 areas for write off and demonstrate how important it is for everyone to pay their share of the charges to help fund essential Council services.
- 2.4 The write-offs for Adults relates to collection and recovery of adult social care charges. A key aim of the Adult Social Care Charging Policy is to ensure that where an adult is charged for care and support (including making a contribution to a personal budget following a financial assessment), that they are not charged more than they can reasonably afford and pay. Rigorous collection and recovery action is always taken using the legal powers available; however, due to the characteristics of the client group not all charges are recoverable. During 2018/19 there has been an continued increase in recovery focus on Adult Social Care debt, this has resulted in both a higher amount being collected and being written off, examples of write off's include, not viable to pursue, and where the client has deceased etc.
- 2.5 The write offs for Finance & Transactional Services relate mainly to Housing Benefit Overpayment recovery. The write off percentage figure is relatively high because the households concerned are by definition the least able to pay, old non collectable debts are targeted for write off as not viable to pursue. Recovery action is always pursued using all the recovery powers available; however, ability to pay is also a consideration. These debts will also become more difficult to collect in the future as Housing Benefit administration is transferred to the Department of Works and Pensions (DWP) as the housing credit element of Universal Credit.
- 2.6 Kirklees Neighbourhood Housing (KNH) manages the council house tenancies on the Council's behalf, and in accordance with the Council tenancy agreement, any costs

incurred by the landlord, for which the tenant is deemed directly liable, the landlord will seek to recover, with the ultimate sanction of tenancy termination (eviction) in extreme cases. On average, this affects only a very small proportion of tenants each year. The HRA write-off figure of £0.78m includes approximately £0.72m for former tenant liable costs, also referred to as rechargeable repairs and for which there is an existing HRA bad debt provision set aside to cover. The Council currently has over 10,100 tenancies on direct debit equivalent to 46% of total tenancies (an increase of 800 direct debits over the previous 12 months).

- 2.7 Expenditure and income relating to the provision of landlord services is ring-fenced or 'self-financed' through the Council's Housing Revenue Account (HRA). The Council is the landlord for 22,034 Council properties, and the day-to-day management of these, including income collection and debt recovery, is undertaken on the Council's behalf by Kirklees Neighbourhood Housing (KNH), an arm's length management organisation.
- 2.8 The Council aims to maximise its collection and recovery of all Council Tax and Business Rates debts. The recovery process ensures that all accounts in arrears are chased through issuing reminders, summonses, obtaining liability orders through the Magistrates Court, if needed, which allow the Council to recover debts through using the Enforcement Agents (bailiffs), attachments to earnings or benefits, instigating insolvency proceedings, putting charging orders on the properties, or issuing committal to prison proceedings.
- 2.9 In 2018-19 officers have continued to undertake exercises to review the previous years' debts outstanding for both Council Tax and Business Rates and be realistic on what is collectable and what debts are not. Where accounts have been identified, with previous recovery action (some over a number of years) and no further action is viable to pursue or cost effective, the debts have been written off as unable to collect.
- 2.10 This will ensure that all collectable debts outstanding will be pursued through rigorous recovery action. Resources will be deployed to recover unpaid Council Tax or Business Rates quicker and more effectively once old debts that have been through the recovery process have been removed. Tighter processes and procedures have been put in place to maximise recovery of unpaid debts earlier in the process. The income collection rates for Council Tax 98.55% and Business Rates at 98.5% (as result of the recovery actions set out above), are the anticipated collection levels over the fullness of time, that the service will eventually recover for Council Tax charged and Business Rates due.
- 2.11 Payment by direct debit is encouraged and the Council currently has 116,789 charge payers paying by direct debit on Council Tax (approx. 71% of paying charge-payers). In the last 12 months this has increased by 2,859 new accounts set up for direct debit payments. The more direct debit payers the Council has, the better the recovery rate, allowing staff to concentrate on more difficult recovery cases outstanding.
- 2.12 Kirklees is the fifth largest Council in the country, so for the Yorkshire and Humber Area we will always be towards the top of any monetary list. The Council has 187,894 properties liable for Council Tax (£203m annual gross debit in 2018-19) and 16,003 properties for Business Rates (£107m gross debit in 2018-19). Whilst the Council Tax arrears increased in 2018-19 to £17m, the percentage compared to the overall debit (in year and arrears) was still approx. 0.08% due to the large increase in the annual

debit raised in 2018/19. Also overall collection of the arrears is rising year on year. As an example, the overall arrears for Council Tax have fallen by 9% since 2014.

2.13 Whilst all of the debts highlighted in the report have been formally written off in the accounts for 2018-19, this does not mean that the Council will not pursue this debt if new information comes to light and the prospect for recovery changes.

### **3. Implications for the Council**

3.1 This report provides summarised information on debts written-off over the previous 12 months. The overall income due in the year (Debit) to which the report's financial performance relates, supports the delivery of the following Council objectives and Priorities within available resources:

- i) Early Intervention and Prevention (EIP)
- ii) Economic Resilience (ER)
- iii) Improving Outcomes for Children
- iv) Reducing demand of services

### **4. Consultees and their opinions**

None

### **5. Next steps**

Corporate Governance and Audit Committee will be asked to note the summarised information set out in this report.

### **6. Officer recommendations and reasons**

Corporate Governance and Audit Committee are recommended to note the information in the Appendix on bad debt write offs for 2018-19.

### **7. Cabinet portfolio holder recommendation**

To note the contents of this report

### **8. Contact officer**

Steve Bird, Head of Welfare & Exchequer Services, 01484 221000  
Mark Stanley, Senior Manager, Welfare & Exchequer Services

### **9. Background Papers and History of Decisions**

Accounts & Audit regulations 2015, Local Audit & Accountability Act 2014

### **10. Service Director responsible**

Eamonn Croston. Service Director, Finance and transactional Services  
01484 221000

**APPENDIX A**

Debit for year 2017/18	write offs during Apr17 - Mar18		Directorate	Debit for year 2018/19	write offs during Apr18 - Mar19	
£	£	%		£	£	%
40,997,302	1,046,917	2.55%	Adults Social Care	43,225,262	1,409,698	3.26%
4,258,863	5,494	0.13%	Learning & Early Support	3,964,256	7,546	0.19%
269870	0	0.00%	Quality, Assurance, Standards & Safeguarding (now CHYPS – family support & protection)	116852	0	0.00%
28,912,203	33,183	0.11%	Commercial Regulatory & Operational	27,993,313	157,589	0.56%
5,202,951	26,396	0.51%	Economy, Regeneration & Culture	5,228,808	32,037	0.61%
8,399,375	362,147	4.31%	Finance, IT & Transactional Services	6,597,815	811,250	12.30%
33,421	0	0.00%	Governance & Commissioning	1,220,547	3,075	0.25%
1,393,209	0	0.00%	Office of the Chief Executive	562,943	0	0.00%
3,215,921	0	0.00%	Policy, Intelligence & Public Health	4,351,390	0	0.00%
			Integration, Access & Community Plus (new entry)	1,056,430	0	0.00%
<b>92,683,115</b>	<b>1,474,137</b>	<b>1.59%</b>	<b>General Fund Services</b>	<b>94,317,617</b>	<b>2,421,195</b>	<b>2.57%</b>
79,656,854	1,058,682	1.33%	HRA (excl those on benefits)	79,590,304	784,112	0.99%
189,297,000	2,052,866	1.08%	Council Tax	202,996,959	1,882,304	0.93%
104,360,000	923,484	0.88%	Business Rates	106,828,725	910,652	0.85%
<b>419,078,310</b>	<b>5,509,169</b>	<b>1.31%</b>	<b>Grand Total</b>	<b>483,733,605</b>	<b>5,998,263</b>	<b>1.24%</b>

APPENDIX A (CONTINUED)

Directorates	*Debit for year 2018/19	write offs Apr18 - Mar19	%	Compassionate Grounds	Deceased	Liquidation/ Bankruptcy	No Goods/ Unemployed	Not Viable to Pursue	Unable to Trace	Statute Barred	Misc
Adults Social Care	43,225,262	1,409,698	3.26%	76,027	648,851	1,536	259	406,168	2,111	274,747	- 0
Learning & Early Support	3,964,256	7,546	0.19%					7,546			
CHYPS - Family Support & Protection	116,852		0.00%								
Commercial Regulatory & Operational	27,993,313	157,589	0.56%	53	2,794	29,957	70	102,001	10,028	12,431	257
Economy, Regeneration & Culture	5,228,808	32,037	0.61%		6,675	901	1,163	16,770	6,528		
Finance, IT & Transactional Services	6,597,815	811,250	12.30%	18,468	73,832	572,448		103,630	33,971	3,870	5,031
Governance & Commissioning	1,220,547	3,075	0.25%					3,075			
Integration, Access & Community Plus	1,056,430										
Office of the Chief Executive	562,943		0.00%								
Policy, Intelligence & Public Health	4,351,390		0.00%								
<b>General Fund Services</b>	<b>94,317,617</b>	<b>2,421,195</b>	<b>2.57%</b>	<b>94,548</b>	<b>732,151</b>	<b>604,842</b>	<b>1,491</b>	<b>639,190</b>	<b>52,638</b>	<b>291,047</b>	<b>5,288</b>
HRA (excl those on benefits)	79,590,304	784,112	0.99%		86,267	17,503		610,061	38,473	- 11,401	43,208
Council Tax	202,996,959	1,882,304	0.93%	5,853	39,576	354,323		1,403,217	79,335		
NNDR	106,828,725	910,652	0.85%		5,107	231,408		635,462	38,675		
<b>Grand Total</b>	<b>483,733,605</b>	<b>5,998,263</b>	<b>1.24%</b>	<b>100,401</b>	<b>863,101</b>	<b>1,208,076</b>	<b>1,491</b>	<b>3,287,930</b>	<b>209,121</b>	<b>279,646</b>	<b>48,496</b>



## Council Tax

Local Authority	Net Debit	Write Off's –All year's during financial year	% of total debit for 2017/18
Birmingham	£362,218m	£11,548m	3.19%
Leeds	£335,835m	£1,669m	0.50%
Bradford	£205,486m	£6,471m	3.14%
Sheffield	£233,985m	£2,189m	0.93%
<b>Kirklees</b>	<b>£189,297m</b>	<b>£2,053m</b>	<b>1.08%</b>
Liverpool	£181,256m	£15,733m	8.68%
Manchester	£175,994m	£1,901m	1.08%
Stockport	£164,532m	£1,353m	0.82%
Wirral	£154,378m	£4,986m	3.23%
Wakefield	£150,261m	£749k	0.50%

## Business Rates

Local Authority	Debit Raised	Write Off's –All year's during financial year	% of total debit for 2017/18
Leeds	£379,980m	£2,322m	0.61%
Birmingham	£205,031m	£4,325m	2.11%
Sheffield	£219,546m	£2,147m	0.98%
Liverpool	£205,031m	£4,325m	2.11%
Manchester	£175,994m	£1,901m	1.08%
Bradford	£140,753m	£2,882m	2.05%
Wakefield	£129,983m	£809k	0.62%
<b>Kirklees</b>	<b>£108,401m</b>	<b>£923k</b>	<b>0.85%</b>
Stockport	£92,965m	£1,162m	1.25%
Wirral	£72,459m	£1,193m	1.65%





Name and date of meeting: **Corporate Governance and Audit Committee**  
**5 July 2019**

Title of report: **CIPFA Financial Management Code (Consultation version)**

**Purpose of report**

To highlight the scope and principles underpinning CIPFA's Financial Management Code (CIPFA FM Code), Consultation version, which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	<b>No</b>
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>	<b>Key Decision: No</b> <b>Private Report/Private Appendix: N/A</b>
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	<b>No</b>
<b>Date signed off by Strategic Director and name</b>  <b>Is it also signed off by Service Director</b>  <b>Is it also signed off by the Service Director Legal, Governance and Commissioning</b>	<b>N/A</b>  <b>Eamonn Croston – 18 June 2019</b>  <b>Julie Muscroft – 18 June 2019</b>
<b>Cabinet member <a href="#">portfolio</a></b>	<b>Corporate</b> <b>Graham Turner</b>

**Electoral wards affected:** N/A  
**Ward councillors consulted:** N/A  
**Public or Private:** Public

**GDPR:** This report contains no information that falls within the scope of General Data Protection Regulations.

## 1 Summary

1.1 The CIPFA Financial Management Code (CIPFA FM Code), Consultation version, is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability in relation to :

- i) Financially manage the short, medium and long term finances of a local authority;

- ii) Manage financial resilience to meet unforeseen demands on services; and
  - iii) Financially manage unexpected shocks in their financial circumstances
- 1.2 The CIPFA Consultation ran for 6 weeks from mid-March to end April 2019, and subject to any final revisions, CIPFA's intention is to implement it from April 2020 onwards.
- 1.3 The Code is consistent with other successful CIPFA codes and statements in being based on principles rather than prescription.
- 1.4 Significantly, the Code builds on the success of the CIPFA Prudential Code which requires local authorities to demonstrate the long term financial sustainability of their capital expenditure and associated borrowing. With this success came new financial freedoms to make local decisions on matters that had hitherto been subject to central government control. The Code should not be considered in isolation and accompanying tools, including the use of objective quantitative measures of financial resilience, should form part of the suite of evidence to demonstrate sound decision-making.
- 1.5 The Code has sought therefore to rely on the local exercise of professional judgement backed when appropriate by peer review.
- 1.6 The Code also has links to key accounting statutory requirements; the Treasury Management in Public Sector Code of Practice (CIPFA 2017) and the annual Code of Practice on Local Authority Accounting in the UK.
- 1.7 The Code is further supported by other statutory requirements; namely ;
- i) Section 151 of the Local Government Act 1972, which requires that ...every local authority in England and Wales make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs;
  - ii) S114 of the Local Government Finance Act 1988 which requires the CFO to report to all the authority's Councillors if there is likely to be unlawful expenditure or if expenditure in the year (including forecasted expenditure) is likely to exceed resources (including borrowings)
- 1.8 In addition to the requirements of primary legislation and associated CIPFA Codes, an authority's prudent and proper financial management is informed by a framework of professional codes of practice and guidance, including :
- CIPFA Statements of Professional Practice (SOPP) (including ethics)
  - CIPFA Statement of the Role of the Chief Financial Officer
  - CIPFA Statement on the Role of the Chief Financial Officer in Local Government
  - CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable

These statements are incorporated and, where necessary, elaborated in this CIPFA FM Code.

- 1.9 Each local authority must demonstrate that the requirements of the Code are being satisfied. Demonstrating this compliance with the Code is a collective responsibility of elected members, the Chief Finance Officer (CFO), and their professional colleagues in the leadership team.
- 1.10 Local Authorities will need to ensure that their governance and financial management style are fit in advance for this purpose. Additionally, they will have had to have initiated the longer term financial planning demanded by this Code.
- 1.11 The Code is intended to set the standards of financial management for local authorities with effect from 1<sup>st</sup> April 2020. Therefore, to enable the 2020/21 budget to have been prepared in compliance with the Code, significant elements of the Code will have to be adopted before April 2020.
- 1.12 This report provides an initial Corporate Governance & Committee overview of the key principles of the Code, which the Code translates into a number of Financial Management Standards and underpinning Statements of Standard Practice.
- 1.13 It is intended that officers will report back to this Committee in September with an initial self-assessment of the extent of our current compliance with the requirements of the FM Code, for further consideration by Committee members, and which will also subsequently form a core part of the Annual Governance Statement self-assessment process.

## **2 Information required to take a decision**

- 2.1 Appendix 1 attached summarizes the Finance Management code in terms of the overarching principles, and within each of these, the relevant financial management standards, and accompanying statements of standard practice for ease of reference.
- 2.2 It is intended that there will be an initial officer self-assessment as to the extent to which this Council complies with the principles of the Code, and the intention is to report back to Corporate Governance & Audit Committee for further consideration in September.
- 2.3 The Code makes extensive reference to the organisational 'leadership team'. For clarification, leadership team here refers to elected members, the Chief Finance Officer (CFO), and their professional colleagues in the leadership team. It is important therefore in gauging the views of the whole leadership team as part of this initial self-assessment.
- 2.4 The relevant CIPFA website which includes a separate link to download the full consultation document is linked below for reference :  
  
[Consultation on CIPFA Financial Management Code | CIPFA](#)
- 2.5 It is anticipated that the finalised CIPFA FM Code will not change materially from the Consultation version, and while the intention is for it to be implemented from

1 April 2020, it is expected that parts of the Code will be complied with prior to April 2020 as relate in particular to Medium Term Financial Planning.

### **3. Implications for the Council**

#### **3.1 Working with People**

N/A

#### **3.2 Working with Partners**

N/A

#### **3.3 Placed based working**

N/A

#### **3.4 Improving Outcomes for Children**

N/A

#### **3.5 Reducing demand of services**

N/A

#### **3.6 Other (e.g. Legal/Financial or Human Resources)**

3.6.1 This Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.

3.6.2 The Code identifies these risks to financial sustainability and introduces an overarching framework of assurance which builds on existing best practice but which for the first time sets explicit standards of financial management.

3.6.3 The principles have been designed to focus on an approach which will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.

### **4 Consultees and their opinions**

N/A

### **5 Next steps**

To bring back an initial self-assessment of the extent of Council compliance with the Code, for further member consideration in September 2019.

### **6 Officer recommendations and reasons**

For Corporate Governance & Audit Committee to note the CIPFA Financial Management Code (Consultation version) and endorse the approach as set out in this report for self-assessment and integration into the Annual Governance Statement.

### **7 Cabinet Portfolio Holder recommendation**

The Cabinet Portfolio holder endorses the recommendations set out in this report.

**8 Contact officer**

James Anderson      Senior Finance Manager      01484 221000

**9 Background Papers and History of Decisions**

The CIPFA Financial Management Code (Consultation Version)

**10 Service Director responsible**

Eamonn Croston      01484 221000

PRINCIPLE	
<p><b>Organisational leadership</b> - demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture</p>	
FM Standard	Statement of standard practice
<p>The leadership team demonstrates that the services provided by the authority provide value for money</p>	<ul style="list-style-type: none"> <li>• The leadership team must recognise that responsibility for the financial management of the authority does not rest with the Chief Finance Officer (CFO) alone, but with the actions of the leadership team both collectively and individually as elected members and senior officers.</li> <li>• The CFO must ensure that they fulfil their personal legal and professional responsibilities in the public interest and in recognition of the other statutory service responsibilities of the authority.</li> </ul> <p>In the leadership team the Chief Finance Officer must provide timely, relevant and reliable financial advice, in accordance with the law and professional standards.</p>
<p>The Authority complies with the CIPFA statement on the role of the CFO in Local Government</p>	<ul style="list-style-type: none"> <li>• The CFO in a public service organisation is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest</li> <li>• The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy.</li> <li>• The CFO must lead the promotion &amp; delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively</li> <li>• The CFO should regularly review the skills set of elected members and all officers with budget/financial management responsibility and ensure appropriate support is provided</li> </ul>



- The CFO must lead and direct a finance function that is resourced to be fit for purpose
- The CFO should regularly review the skill sets of all finance staff with senior budget / financial management responsibility and ensure ongoing appropriate support is provided.
- The ratio of qualified staff as a proportion of total finance staff ensures that the finance function has the necessary financial competence.
- The CFO must be professionally qualified and suitably experienced.
- The CFO must be able to demonstrate adherence to professional CPD requirements on an annual basis.
- Professionally qualified staff should demonstrate an ongoing commitment to the principles of objectivity, integrity, professional behaviour, professional competence & due care, and confidentiality
- The CFO should promote the highest standards of ethical behaviour in the conduct of financial management
- To enable financially informed decision making, the CFO should be able to :
  - *provide the leadership team with sound advice on the key principles of local government finance*
  - *demonstrate a sound system which ensures the authority has access to high standards of technical financial advice*
- The CFO should report explicitly on the affordability & risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions
- The CFO must establish the reporting and monitoring processes, and integrate treasury management indicators into the overall financial planning process
- Organisations which are required to explain (rather than comply) should set out clearly how the

	associated risks will be managed and demonstrate notification of the risks to the political leadership.
The leadership team demonstrates in its actions and behaviours, responsibility for governance and internal control	<ul style="list-style-type: none"> <li>• The CIPFA/IFAC International Framework; Good Governance in the Public Sector establishes a benchmark for good governance in the sector, around financial accountability, press and parliamentary scrutiny, integrity and the absence of corruption.</li> <li>• The application of the above in the context of UK local government is reinforced by specific regulatory requirements and sector specific guidance; CIPFA/SOLACE Delivering <i>Good Governance in Local Government: Framework (2016 Edition)</i> supports local authorities in developing and maintaining their own codes of governance and discharge their accountability for the proper conduct of business</li> </ul>

**PRINCIPLE**

**Accountability** - based on medium term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs

**FM Standard**

**Statement of standard practice**

The authority applies the CIPFA/SOLACE Delivering good governance in local government; framework 2016

- The CIPFA/SOLACE Framework recommends that the review of the effectiveness of the system of internal control that local authorities in England, Wales Scotland and Northern Ireland are required to undertake by their respective Accounts and Audit Regulations should be reported in an Annual Governance Statement (AGS).
- The authority maintains an effective audit committee
- The audit committee receives and monitors the implementation of internal and external audit recommendations. When threats to the financial sustainability of the authority are identified by auditors the audit committee should ensure that the recommendations are communicated to the leadership team and that the committee are informed of the effectiveness of the leadership team's response.

The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability

- Timely financial and performance information is available to managers via the appropriate systems.
- Financial and performance management systems are engineered to provide relevant data at a sufficiently accurate level.
- When appropriate, budgets are profiled to support effective budgetary control through the financial year.
- The organisation ensures that information is appropriately tailored and streamlined to avoid the risk of 'data overload'.
- All Financial monitoring reports include:

*- The name of the budget holder responsible for the information presented*

	<ul style="list-style-type: none"> <li>- <i>Accruals based financial information</i></li> <li>- <i>Include the approved budget against which monitoring is taking place.</i></li> <li>- <i>A forecast for the remainder of the budget period,</i></li> <li>- <i>Service performance information and</i></li> <li>- <i>is shown, for instance by reconciliations, to be consistent with the aggregate position for the authority.</i></li> </ul> <ul style="list-style-type: none"> <li>• The authority has arrangements which allow annual service budgets to be re-calibrated in response to unforeseen developments</li> <li>• At the financial monitoring period end the leadership team receives a set of financial statements with forecast outturn for the year ahead</li> <li>• There are appropriate arrangements in place for reporting and managing the financial performance of each of the organisation's delivery partnerships and collaborative arrangements.</li> <li>• There are appropriate arrangements in place for the project management and cost control of capital projects.</li> </ul>
<p>The CFO has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom.</p>	<ul style="list-style-type: none"> <li>• Financial reporting must provide the accountability link between planned performance and spending and the outcomes – financial and more – that are achieved. The authority, its management and the Chief Finance Officer, must provide the user with the links between the consumption of resources and the value that has been created.</li> <li>• The council, its leadership and governance understand how effectively its resources have been utilised during the year including a process which explains how material variances from initial and revised budgets have arisen and been managed. The success of these arrangements will be demonstrated by the ability of the leadership team to make decisions from them.</li> </ul>

<p><b>PRINCIPLE</b>  <b>Financial management is undertaken with <span style="color: red;">transparency</span> at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making</b></p>	
<p><b>FM Standard</b></p>	<p><b>Statement of standard practice</b></p>
<p>The financial management style of the authority supports financial resilience</p>	<ul style="list-style-type: none"> <li>• The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the political leaders, elected members to directors, finance officers and front line service managers.</li> <li>• Finance teams and the organisation they support are actively committed to continuous improvement focused on efficient and effective delivery and organisational performance.</li> <li>• Enabling transformation: the finance team have input into strategic and operational plans taking into account proactive risk management, clear strategic directions and focus-based outcomes</li> <li>• Managers understand they are responsible for delivering services cost effectively and are held accountable for doing so. Financial literacy is diffused throughout the organisation so that decision takers understand and manage the financial implications of their decisions.</li> <li>• The financial management of the authority has been critically evaluated.</li> </ul>
<p>The budget report includes an assessment of its consistency with the current MTFP and long term financial strategy</p>	<ul style="list-style-type: none"> <li>• The annual report proposing the budget includes an analysis of the success/failures in achieving the spending plans of the previous year and of departures from the planned use of reserves and balances</li> </ul>
<p>The budget reports include a statement by the CFO on the estimates and reserves</p>	<ul style="list-style-type: none"> <li>• The statement of reserves should list those earmarked reserves that are material for assessing the financial resilience of the authority. This statement should be a more detailed 'snap-shot' of the analysis used to inform the MTFP.</li> </ul>

	<ul style="list-style-type: none"> <li>• A well-managed authority, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. Compliance with the Code will give important reassurance that the authority's financial management is able to manage those risks. These should be maintained at a level appropriate for the profile of the organisation's cash flow and the prospect of having to meet unexpected events from within its own resources.</li> </ul>
<p>The authority has engaged with key stakeholders in developments its medium to long term service and financial plans</p>	<ul style="list-style-type: none"> <li>• The authority has engaged with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget</li> </ul>

**PRINCIPLE**

Adherence to professional **Standards** is promoted by the leadership team and is evidenced.

<b>FM Standard</b>	<b>Statement of standard practice</b>
The authority complies with its statutory obligations in respect of the budget setting process	<ul style="list-style-type: none"><li>• The annual report setting out the proposed budget for the coming year is a key document for the authority, but it does not stand alone since its contents should flow consistently and clearly from the content of the long term financial strategy and medium term financial plan.</li><li>• It will also demonstrate compliance with CIPFA's Prudential Code (Financial Management Standard I)</li><li>• The best local budget plans are those owned and articulated by the whole leadership team and senior managers not simply the Chief Finance Officer</li></ul>
The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions	<ul style="list-style-type: none"><li>• Option appraisal complies with IFAC/PAIB Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal</li><li>• The accounting treatment of material decisions is considered and demonstrated as part of the formal option appraisal process.</li></ul>
The Authority applies the principles contained in the CIPFA Service Reporting Code of Practice (SeRCOP) and utilises appropriate costing techniques in the development of business cases	<ul style="list-style-type: none"><li>• CIPFA's Service Reporting Code of Practice (SeRCOP) includes a formal definition of total cost which must be used, for instance, in statistical returns to central government or when the full cost of a service needs to be recovered.</li><li>• However, the SeRCOP stresses that total cost may not always be appropriate. Costing for decision-making purposes will often require the use of different techniques; it will also require that all relevant costs, and only relevant costs, are taken into account, whether they form part of total cost or not.</li><li>• Authorities will also need to decide whether the revenue cost of capital arising from, for example, interest charges element (to reflect the full cost of using non-current assets in the provision of a service)</li></ul>

	should be included in any costing for decision-making or charging purposes.
The authority complies with the CIPFA Prudential Code	<ul style="list-style-type: none"><li>• CIPFA is not envisaging that the development of significant new reporting is required to demonstrate compliance with the CIPFA FM Code. The CIPFA Prudential Code already requires authorities to demonstrate that the revenue consequences of proposed capital expenditure is affordable in both the short and long term.</li><li>• The FM Code adds to these minimum requirements the expectation that they will be applied on a longer term basis than has hitherto been the case.</li></ul>



<p><b>PRINCIPLE</b> Sources of <b>assurance</b> are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection.</p>	
<p><b>FM Standard</b></p>	<p><b>Statement of standard practice</b></p>
<p>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</p>	<ul style="list-style-type: none"> <li>• Unplanned and planned use of reserves are reported [quarterly] to the management team of the organisation and to Council.</li> <li>• Management accounts include an appropriate level of balance sheet information to meet business needs and evidence of monitoring of material items</li> </ul>

<p>The presentation of the financial outturn report and budget variations allow the leadership team to make strategic financial decisions</p>	<ul style="list-style-type: none"> <li>• The presentation of the annual accounts both closes the financial management cycle and initiates the start of the next financial cycle with the rolling forward and review of the medium term financial plan and in some circumstances a reappraisal of the credibility of the long term financial strategy and the financial resilience of the authority</li> </ul>
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**PRINCIPLE**  
**The long term sustainability of local services is at the heart of all financial management process and is evidenced by prudent use of public resources**

<b>FM Standard</b>	<b>Statement of standard practice</b>
<p>The authority has carried out a credible and transparent Financial Resilience assessment</p>	<ul style="list-style-type: none"> <li>• Financial resilience is tested against best and worst case scenarios which cover a wide range of financial demographic and social challenges.</li> <li>• The authority uses independent objective quantitative measures to assess the risks to its financial sustainability.</li> </ul>

	<ul style="list-style-type: none"> <li>Decision making by the authority demonstrates a sound understanding of the risks associated with its strategic business partners</li> </ul> <p>Decision making by the authority demonstrates a sound understanding of the risks associated with its strategic business partners</p>
<p>The authority has a Long Term Financial Strategy for financial sustainability</p>	<ul style="list-style-type: none"> <li>CIPFA isn't being prescriptive here about L/T, but it does promote ambition and stresses the need for a financial strategy that matches the need for a strategic approach to service planning.</li> <li>Authorities with a high level of infrastructure investment &amp; associated external borrowing should adopt a correspondingly L/T approach</li> <li>The L/T financial strategy will include proposals for which detailed implementation plans have yet to be developed e.g. ambitious transformation programmes. In such instances, it would be helpful to find means (such as benchmarking) to carry out due diligence of such top-down programmes.</li> </ul>
<p>The authority has a capital strategy aligned to its long term strategy</p>	<ul style="list-style-type: none"> <li>The authority has an asset management plan that reviews the condition, sufficiency and suitability of assets in the light of business needs, and ambitions of the Medium - Long Term Financial Strategy</li> <li>The plan should evidence rigorous assessment of asset portfolio in relation to service delivery.</li> <li>The authority maintains processes to ensure that information about key assets and liabilities in its balance sheet is a sound and current platform for management action.</li> </ul>
<p>The authority has a rolling multi-year MTFP</p>	<ul style="list-style-type: none"> <li>The MTFP should enable the leadership team to have confidence in the concrete delivery of its long term strategy for its financial sustainability.</li> <li>Importantly, financial and operational plans must be demonstratively aligned to the strategy at all levels.</li> </ul>

	<p>Without clear service plans it is impossible to place the forecast within the context of currently agreed policies and their implications for future demand and resources.</p>
<p>The authority has sustainable service plans that are consistent with its financial strategy and plan</p>	<ul style="list-style-type: none"> <li>• The Medium Term Financial Plan should make reference to other organisational plans (e.g. workforce planning) and performance measures to demonstrate an alignment between service and financial planning</li> <li>• The authority has benchmarked the performance of its services against appropriate comparators.</li> <li>• To inform the leadership team’s decisions the authority has a single document tracking progress in the delivery of planned savings over the period of the Medium Term Financial Plan</li> <li>• The authority publishes its plans for the use of reserves over the period of the Medium Term Financial Plan</li> <li>• The level of reserves at 31st March in any one year should not fall below the level previously agreed.</li> <li>• The authority should demonstrate adherence to the most recent guidance on reserves from CIPFA.</li> </ul>



**Name of meeting:** Corporate Governance and Audit Committee  
5 July 2019

**Title of report:** Update on the Council’s final accounts for 2018/19

**Purpose of report**

The report updates Members on the final accounts and audit processes for 2018/19.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Not applicable
Key Decision - Is it in the <a href="#">Council’s Forward Plan (key decisions and private reports)?</a>	No
The Decision - Is it eligible for “call in” by Scrutiny?	No
Date signed off by Strategic Director & name	Rachel Spencer-Henshall xxx
Is it also signed off by the Service Director for Finance, IT and Transactional Services?	Eamonn Croston xxx
Is it also signed off by the Service Director for Governance and Commissioning Support?	Julie Muscroft xxx
Cabinet member portfolio	Cllr Shabir Pandor Cllr Graham Turner

**Electoral wards affected:** Not applicable

**Ward councillors consulted:** Not applicable

**Public or private:** Public

**GDPR:** This report contains no information that falls within the scope of General Data Protection Regulations.

## 1. Summary

The report updates Members on the final accounts and audit processes for 2018/19 and asks Members of this Committee to receive the Council’s Unaudited Statement of Accounts for 2018/19 incorporating the draft Annual Governance Statement.

The process of producing the accounts for 2018/19 went smoothly and the draft accounts were signed on 30 May by the Council's Service Director - Finance, in line with the new early closedown requirements.

The six week public inspection period for the draft accounts 2018/19 has commenced and runs from 3 June to 12 July 2019. The audit of the 2018/19 Statement of Accounts has also commenced.

This Committee is responsible for the approval of the Council's Audited Statement of Accounts and the final version of the Annual Governance Statement once the audit has been completed.

There is an outstanding objection, which was raised on 14 July 2017 and relates to the lawfulness of three of the Council's Private Finance Initiative schemes; two schools related and one housing related. KPMG have been working on this objection and have recently issued a provisional view and it is hoped that it will be fully resolved in time for the meeting of this committee on 26<sup>th</sup> July when it is anticipated that the Statement of Accounts and audit opinion will be approved. It should be noted that the outstanding objection has not impacted on the audit work in connection with the Statement of Accounts for 2018/19 and has not affected the audit opinions in 2016/17 and 2017/18 and likewise will not affect the opinion on the 2018/19 Statement of Accounts. Members of this Committee are asked to note this development and to await the final view from KPMG.

## **2. Information required to take a decision**

- 2.1 The Council's draft Annual Governance Statement was approved at the Committee's 26th April meeting.
- 2.2 The process for producing the accounts went smoothly and the draft accounts were signed on 30 May 2018 by the Service Director-Finance. This in line with the new statutory sign off deadline of 31 May 2019. The draft accounts have been available to view on the Council's website.
- 2.3 The six week public inspection period for the draft accounts 2018/19 has commenced and runs from 3 June to 12 July 2019. The audit of the 2018/19 Statement of Accounts has also commenced.
- 2.4 It is intended that the audited Statement of Accounts are presented to this Committee for approval on 26<sup>th</sup> July 2019.

## **3. Implications for the Council**

- 3.1 **Working with People**  
N/A
- 3.2 **Working with Partners**

- N/A
- 3.3 **Placed based working**  
N/A
- 3.4 **Improving Outcomes for Children**  
N/A
- 3.5 **Reducing demand of services**  
N/A
- 3.6 **Other (e.g. Legal/Financial or Human Resources)**

The annual statement of accounts are subject to external validation by appointed auditors to ensure that Council funds are also properly accounted for.

**4. Consultees and their opinions**

N/A

**5. Next steps**

It is intended that the Audited Statement of Accounts and Annual Governance Statement are presented to this Committee for approval on 26 July 2019.

**6. Officer recommendations and reasons**

For Corporate Governance and Audit Committee to note that the Unaudited Statement of Accounts have been published, to note the dates of the public inspection period and also to receive an explanatory paper to accompany the Accounts.

**7. Cabinet portfolio holder's recommendations**

Not applicable

**8. Contact officer**

James Anderson    Senior Finance Manager  
01484 221000        james.anderson@kirklees.gov.uk

**9. Background Papers and History of Decisions**

Unaudited Statement of Accounts:  
<https://www.kirklees.gov.uk/beta/delivering-services/pdf/statement-of-accounts-2018-19.pdf>

Explanatory Paper: Appendix 1  
Accounts and Audit Regulations 2015  
Local Audit and Accountability Act 2014

**10. Service Director responsible**

Eamonn Croston

01484 221000



**Statement of Accounts 2018/19– Explanatory Notes**

**1. Introduction**

- 1.1 This paper supports the report and statutory Statement of Accounts presented to Corporate Governance and Audit Committee for approval. It provides explanations and commentary on the main issues within the accounts to facilitate robust scrutiny and challenge of the accounts prior to approval.
- 1.2 The purpose of the Statement of Accounts is to give the public, councillors, employees, other stakeholders and interested parties clear information about the Council's finances. In summary the accounts should show:
- The cost of the services provided by the Council over the year
  - Where the money came from to pay for these services
  - The Council's assets and liabilities at the end of the financial year.
- 1.3 The accounts have been compiled using the "Code of Practice on Local Authority Accounting in the UK 2018/19: Based on International Financial Reporting Standards (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.4 There are no changes to the accounts as a result of changes in accounting standards introduced in the year.
- 1.5 Materiality has been set by Grant Thornton at £17m.

**2. Narrative Report**

- 2.1 The purpose of the Narrative Report is to provide an easily understandable guide to the most significant matters reported in the accounts. It includes details of:
- The statements included in the accounts.
  - A summary of the Councils revenue income and expenditure for the year and variances against the previous year's figures.
  - A summary of capital expenditure and how this was financed.
  - Changes to accounting policies and practice.
  - Any other significant matters.

**3. Statement of Responsibilities for the Statement of Accounts**

- 3.1 This statement sets out the various responsibilities for the accounts:
- The Council's responsibilities under local government legislation.
  - The Service Director- Finance, legal and professional responsibilities.
- 3.2 This statement must be signed by the Service Director- Finance (s151).

#### 4. Comprehensive income and Expenditure Statement (CIES)

4.1 The purpose of the Comprehensive Income and Expenditure Statement is to show the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (council tax).

- Expenditure and income directly related to the services provided by the Council (Net total £301,691k).
- Expenditure and income not directly attributable to services but to the Council as a whole (when added to the Net Cost of Services above this totals £346,770k).
- Income received in respect of general government grants and local taxation (Bringing the overall net total on provision of Services to £8,470k).
- Other Comprehensive Income and Expenditure £52,976k. (Bringing the overall total of Comprehensive Income and Expenditure to £61,446k).

The total on this statement represents the net surplus or deficit on the Council's provision of services for the year.

The figures below are taken directly from the CIES and do not take in to account the 'adjustments between accounting and funding basis under regulations'. These are technical adjustments made to 'remove' certain accounting treatments that are required by International Financial Reporting Standards (IFRS) but by law, taxpayers should not meet the cost of.

Description	2017/18 £k	2018/19 £k	Variance £k	Comment
Cost of Services	319,312	301,691	(17,621)	Net £7m reduction in Corporate Services expenditure and a £10m increase in net HRA income and a £4m net expenditure reduction in central budgets.
Other Operating Expenditure	9,441	14,224	4,783	£5m increase in losses on disposals of non-current assets
Financing and Investment Income and Expenditure	12,510	30,855	18,345	£18m reduction in net income and fair value adjustments for Investment Properties.
Other Comprehensive Income and Expenditure	28,135	52,976	24,841	£66m loss on Remeasurement of Net Defined Benefit/ Liability (Pension liability) due to changes in Actuarial assumptions. £13m surplus on revaluation of PPE & Heritage assets.

## 5. Balance Sheet

5.1 The purpose of the balance sheet is to show what the Council's assets and liabilities are at the end of the year.

Description	2017/18 £k	2018/19 £k	Variance £k	Comment
Property Plant & Equipment.	1,339,568	1,348,593	9,025	Additions in year of £52.4m offset by £2.4m assets reclassified as Held for Sale and disposals in year of £17.8m (including schools transferring to Academies)
Investment Property	118,355	124,087	5,732	£8.2m increase in fair value, offset by £3m disposals
Short Term Borrowing	(25,250)	(11,190)	14,060	Reduced requirement for short-term borrowing as part of treasury management strategy.
Short Term Creditors	(81,099)	(87,619)	(6,520)	£2m increase in Other Entity & Individuals creditor and a £4.2m increase in Central Government creditors mainly relating to Collection Fund balances.
Other Long Term Liabilities	(731,731)	(828,151)	96,420	£103.3m increase in the Pensions Creditor (incorporating a £72.1m increase in the fair value of assets offset by a £175.4m increase in the value of liabilities as a result of actuarial revaluations) and a £5.9m reduction in Deferred Liabilities (PFI).
Usable Reserves	(185,058)	(211,129)	(26,071)	£16.2m increase in General Fund balances, £1.4m increase in HRA, £5.6m increase in Capital Receipts reserve and £3.3m increase in Capital Grants Unapplied.
Unusable Reserves	(203,051)	(115,534)	87,517	£103.3m increase in the Pensions reserve (see above), £6.5m increase in the Revaluation reserve, £3.8m increase in the Capital Adjustment Account





**Name of meeting:** Corporate Governance and Audit Committee  
5 July 2019

**Title of report:** Informing the Audit Risk Assessment for  
Kirklees Metropolitan Council

**Purpose of report**

The report updates Members on the final accounts and audit processes for 2018/19.

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	<b>Not applicable</b>
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports)?</a></b>	<b>No</b>
<b>The Decision - Is it eligible for "call in" by Scrutiny?</b>	<b>No</b>
<b>Date signed off by Strategic Director &amp; name</b>	<b>Not applicable</b>
<b>Is it also signed off by the Service Director for Finance, IT and Transactional Services?</b>	<b>Eamonn Croston 27/6/2019</b>
<b>Is it also signed off by the Service Director for Governance and Commissioning Support?</b>	<b>Julie Muscroft 27/6/2019</b>
<b>Cabinet member portfolio</b>	<b>Not applicable</b>

**Electoral wards affected:** Not applicable

**Ward councillors consulted:** Not applicable

**Public or private:** **Public**

**GDPR:** This report contains no information that falls within the scope of General Data Protection Regulations.

**1. Summary**

- 1.1 The councils external auditor Grant Thornton has asked that council officers complete the attached statement of risk "Informing the Audit Risk Assessment for Kirklees Metropolitan Council", which consists mainly of a schedule of issues entitled "Questions for Management"(by GT)  
"Management responses" (by KMC officers)

This is a different approach, as in previous years, for KPMG, the Chair of the committee signed a letter containing similar information .

1.2 These relate to the following topics;

Financial Reporting and Internal Control  
Fraud Risk Assessment  
Impact of Laws and Regulations  
Going Concern- that the council as a “business” will continue to operate  
Related Parties with whom the council has or records transactions  
Estimated figures including in the accounts -with a specific detailed section on methods of accounting for categories of expenditure, such as property.

- 1.3 The auditors have asked that this committee affirm that they believe these assertions to be true (or have no reason to believe that they are untrue).  
The document is attached.

**2. Information required to take a decision**

- 2.1 The Committee need to read the statements and assertions  
2.2 If there are questions arising they can ask officers for an explanation.

**3. Implications for the Council**

- 3.1 **Working with People**  
N/A  
3.2 **Working with Partners**  
N/A  
3.3 **Placed based working**  
N/A  
3.4 **Improving Outcomes for Children**  
N/A  
3.5 **Reducing demand of services**  
N/A  
3.6 **Other (e.g. Legal/Financial or Human Resources)**  
These assertions related to the annual statement of accounts enable the appointed auditors to ensure that they are satisfied that the Council funds are also properly accounted for, and the financial position presented by the accounts is reasonable, true and fair.

**4. Consultees and their opinions**

The response was completed by the Service Director Finance, Service Director Legal, Governance & Commissioning, Head of Finance and Head of Risk & Internal Audit.

**5. Next steps**

The auditors will consider the responses, and use this in providing their opinion on the Audited Statement of Accounts and Annual Governance Statement which will be presented to this Committee for approval on 26 July 2019.

**6. Officer recommendations and reasons**

For Corporate Governance and Audit Committee to agree the risk assessment document, and for it to be formally submitted to Grant Thornton.

**7. Cabinet portfolio holder's recommendations**

Not applicable

**8. Contact officer**

Martin Dearnley Head of Risk

**9. Background Papers and History of Decisions**

None

**10. Service Directors responsible**

Eamonn Croston

01484 221000

Julie Muscroft

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# Informing the Audit Risk Assessment for Kirklees Metropolitan Council

Year ended 31 March 2019



- The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Purpose

The purpose of this report is to contribute towards the effective two-way communication between auditors and the Council's Corporate Governance and Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Corporate Governance and Audit Committee under auditing standards.

## Background

Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Corporate Governance and Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Committee and supports the Committee in fulfilling its responsibilities in relation to the financial reporting process.

## Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Corporate Governance and Audit Committee's oversight of the following areas:

- Financial reporting
- Fraud
- Laws and regulations
- Going concern
- Related party transactions
- Accounting estimates.

This report includes a series of questions for responses from the Council's management. We suggest that management should complete the relevant sections before submitting these responses to the Committee. The Corporate Governance and Audit Committee should consider whether these responses are consistent with the its understanding and whether there are any comments it wishes to make.

# Financial reporting and internal control

Questions for Management	Management response
1. What do you regard as the key events or issues that will have a significant impact on the Group financial statements for 2018/19	High Needs budgetary pressures, Minimum Revenue Provision in-year 'unwind', long-term net pension liability and asset valuations
2. Have you considered the appropriateness of the accounting policies adopted by the Council and Group? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	Accounting Policies are reviewed annually for continuing appropriateness. Updates are made as necessary to bring in to line with Code requirements.
3. Are you aware of any changes to the Council's regulatory environment (laws, accounting standards, corporate governance & other regularity requirements) that may have a significant impact on the financial statements?	No
4. How would you assess the quality of the Council's and Group's internal control processes?	The Council has an internal audit function that reports to the Corporate Governance & Audit Committee (CGAC), & to management, which operates in compliance with Public Sector Internal Audit Standards(PSIAS). There is an agreed, risk based audit plan, which is reported on quarterly and is subject on an annual opinion. Although there were some qualifications, the 2018/19 IA opinion was that internal control arrangements are sound. CGAC also received information on audit work in the subsidiary organization, Kirklees Neighbourhood Housing Ltd, (KNH) in year. KNH it had its own audit & risk committee in 18/19. From 2019/20, CGAC will have oversight on all internal audit work in the KMC/KNH group.
5. How would you assess the Council's and Group's process for reviewing the effectiveness of internal control?	There is the following; a fit for purpose accounting function, with senior managers challenging operational activity, an Internal audit function, and Audit Committee CGAC, senior management (Executive Team or ET) A monitoring officer, and legal team, and, Cabinet oversight of the Council's information management, governance and control environment, and broader Council oversight on key financial information; external audit and other external advice e.g. treasury management, HMRC, corporate tax advisors, BACS Bureau, on the effectiveness of internal control processes;
6. How do the Council's and Group's risk management processes link to financial reporting?	.Risk management processes identify and look to mitigate risk. Corporate risk matrices are created by senior managers, approved by Cabinet and council and linked into the budget making process at Annual Council. In year activity risk monitoring is undertaken by executive team and Cabinet(LMT), alongside discussion of performance and budget monitoring
7. Are there any use of financial instruments, including derivatives?	No complex financial instruments are used. See Stat Accounts disclosures
8. Are you aware of any significant transactions outside the normal course of business?	No

# Fraud

## Issue

### Matters in relation to fraud

ISA (UK&I) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Corporate Governance and Audit Committee and management. Management, with the oversight of the Corporate Governance and Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud
- process for identifying and responding to risks of fraud, including any identified specific risks
- communication with the Corporate Governance and Audit Committee regarding its processes for identifying and responding to risks of fraud
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Corporate Governance and Audit Committee oversees the above processes. We are also required to make inquiries of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with provision for responses to inform both auditor's and those charged with governance.

# Fraud risk assessment

Questions for Management	Management response
<p>1. Have the Council and Group assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's and Group's risk management processes link to financial reporting?</p>	<p>Yes; No senior manager (or any other employee) is incentivized by bonus or similar, so has no financial reason to manipulate accounting records for personal reward. A small number of accounting staff have the potential to cover fraudulent activity by way of accounting entries, but these should be detected by internal control. Other staff across the organisation and group have some opportunity to perpetuate fraud, or theft, although the amounts involved, whilst potentially large, would not be significant as threats to the entity.</p> <p>Some internal audit work is designed to assess fraud risk. There is a team who investigate fraud by customers, and the team carrying out client benefit awards (eg social care) have fraud awareness.</p> <p>See answer to FR6</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Treasury management –borrowing; (high risk high control) Customer fraud Cash and payments fraud</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Council or Group as a whole or within specific departments since 1 April 2018?</p>	<p>Yes; in subsidiary KNH- fraud(Corruption) in award of low value contracts.(c£20k) - un accounted income (£10k)</p> <p>There were 3 cases of employee related fraud recorded by HR, 2 of which arose in staff personal lives with the Council and one to time keeping.</p>
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the Council and Group where fraud is more likely to occur?</p>	<p>See responses above</p>
<p>5. What processes do the Council and Group have in place to identify and respond to risks of fraud?</p>	<p>See responses above</p>

# Fraud risk assessment

Questions for Management	Management response
<p>6. How would you assess the overall control environment for the Council (and Group), including:</p> <ul style="list-style-type: none"> <li>the process for reviewing the effectiveness the system of internal control;</li> <li>internal controls, including segregation of duties;</li> <li>exist and work effectively?</li> </ul> <p>If not where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>See responses above</p> <p>The Council has an accounting , payroll , creditors and debtors system (SAP) which is generally structured to avoid the ability of individuals to create and authorise transactions, (although as with all such systems, a small number of individual- in the IT function) have the ability to act as “super users” with the potential to manipulate records.</p> <p>Areas such as journals create a potential risk area.</p> <p>IA work always looks to check arrangements for internal check, internal control and separation of duties, although some business activities may depend on a single or small number of individuals/</p> <p>External auditor’s recent interim audit included an action plan of recommendations around IT access controls and management actions to ensure compliance with said recommendations</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>There are limited areas where accounting judgements and estimates are used. These areas are identified and reviewed in conjunction with the external auditor, to mitigate the risk</p>
<p>8. How do the Council (and Group) communicate and encourage ethical behaviours and business processes of it’s staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>The Councils employee handbook sets out expectation on staff conduct and ethical behaviour (issued to all new staff, on council intranet). KNH have same or similar processes.</p> <p>There is a whistleblowing arrangements that are (reasonably well) publicised and used.</p> <p>There are procedures intended to detect inappropriate actions, such as money laundering , and terrorism (as required by legislation)</p> <p>Whistleblowing records available for inspection.</p> <p>Whistleblowing subject to triage/assessment/investigation, and reporting back</p>



# Fraud risk assessment

Questions for Management	Management response
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Head of Payments organisation, and 4 managers,(payments)            7 Finance Managers/senior staff (treasury management),            Director of finance ,senior finance manager, 3 finance staff (accounting and transactions)            Head of Exchequer, and 28 Exchequer &amp; Welfare Managers/seniors(incomes and benefits)            3 museums managers (art aspects)            Head of IT and 4 senior managers (IT/cyber)            Director of Economy &amp; Infrastructure (grants and loans approval)            By head of Internal Audit , and Insurance manager, in discussion with Chief Finance Officer (CFO) and Monitoring Officer or MO (Legal governance &amp; commissioning).</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Any related party transaction could pose a risk of fraud. However controls around segregation of duties re banking &amp; creditors provide mitigation. Related party declarations are provided by all staff. Related party disclosures in the Stat Accounts are also provided.</p>
<p>11. What arrangements are in place to report fraud issues and risks to the Corporate Governance and Audit Committee?</p> <p>How does the Corporate Governance and Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p>	<p>.Would be investigated by IA and reported to CGAC if seen as "routine". A very significant fraud would be reported through senior management, Cabinet and Council on an urgent as appropriate basis.</p> <p>Through discussion and challenge of Head of IA, CFO and MO</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>. See FR 8</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>No (there is a process to assess bribery risk, though it has only been used in some business areas.</p>

# Laws and regulations

## Issue

### Matters in relation to laws and regulations

ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Corporate Governance and Audit Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Corporate Governance and Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with provision for management's response to inform both auditor's and those charged with governance.

# Impact of Laws and regulations

Questions for Management	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the Council and Group have in place to prevent and detect non-compliance with laws and regulations?</p>	<p>A mixture of approaches. Updates through Service Leadership Teams (SLT) and ET as necessary and other specialist meetings / groups e.g. in Childrens services, Information governance board, reports to relevant committees and panels, cabinet and council. Some of this will also be through service risk registers/ risk assessment. Training programmes for staff and councillors</p> <p>Through individual SLTs and teams, Internal audit, investigations carried out as a result of whistleblowing and complaints,</p>
<p>2. How is the Corporate Governance and Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>They receive a series of reports through the year around information management more broadly, including customer complaints, Finance and treasury management (accounting code updates, national statutory gov't guidance), governance as well as key areas of risk and audit activity.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2018 with an on-going impact on the 2018/2019 financial statements?</p>	<p>No</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>A List of potential claims are attached some of which will be covered by insurance (see below)</p> <p>There are a number of significant insurance claims that relate to periods when the council had no insurance (as a result of the failure of Independent Insurance). Many historical liabilities were covered by Municipal Mutual Insurance, that currently meets only a proportion of the value of claims made against it.. The council considers that it has set aside sufficient provision for these risks .</p>
<p>5. What arrangements does the Council and Group have in place to identify, evaluate and account for litigation or claims?</p>	<p>This is largely done through service areas and engagement with the legal and/ insurance teams. Significant risk or issues are reported up e.g. Land charges cases as appropriate and may appear on the corporate risk register – otherwise they would appear at service level</p>
<p>6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?</p>	<p>Need to check with Graeme Wilds/Lisa</p>

# Going Concern

## Issue

### Matters in relation to Going Concern

ISA(UK&I)570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

The code of practice on local authority accounting requires an authority's financial statements to be prepared on a going concern basis. Although the Council is not subject to the same future trading uncertainties as private sector entities, consideration of the key features of the going concern provides an indication of the Council's financial resilience.

As auditor, we are responsible for considering the appropriateness of use of the going concern assumption in preparing the financial statements and to consider whether there are material uncertainties about the Council's ability to continue as a going concern that need to be disclosed in the financial statements. We discuss the going concern assumption with management and review the Council's financial and operating performance.

Going concern considerations have been set out below with provision for management's response to inform both auditor's and those charged with governance.

# Going Concern Considerations

Questions for Management	Management response
1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements for both the Council and the Group? What was the outcome of that assessment?	Yes, the presumption of going concern was reviewed as part of the accounts production process & that presumption is valid based on Reserves & Budgets/ MTFS.
2. Are the financial assumptions in that assessment (e.g., future levels of income and expenditure) consistent with the Council's Business Plan and the financial information provided to the Council throughout the year?	Yes. Consistent with both reporting, budgets and MTFS.
3. Are the implications of statutory or policy changes appropriately reflected in the Business Plan, financial forecasts and report on going concern?	Yes, all reflected in budget & MTFS.
4. Have there been any significant issues raised with the Audit and Governance Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in financial control?)	No

# Going Concern Considerations

Questions for Management	Management response
<p>5. Does a review of available financial information identify any adverse financial indicators including negative cash flow or poor or deteriorating performance against the better payment practice code?</p> <p>If so, what action is being taken to improve financial performance?</p>	<p>No.</p>
<p>6. Does the Council have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Council's objectives?</p> <p>If not, what action is being taken to obtain those skills?</p>	<p>Yes.</p>
<p>7. Does the Council and Group have procedures in place to assess their ability to continue as a going concern?</p>	<p>Yes- MTFS &amp; budgets &amp; monthly monitoring; daily cash flow/treasury management.</p>
<p>8. Is management aware of the existence of events or conditions that may cast doubt on the Council or subsidiary's ability to continue as a going concern?</p>	<p>No such events/conditions identified.</p>
<p>9. Are arrangements in place to report the going concern assessment to the Corporate Governance and Audit Committee?</p> <p>How has the Audit and Governance Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?</p>	<p>The going concern presumption is made as part of the Statutory Accounts which are approved by CGAC. Preparation of accounts under a non-going concern basis would be reported to CGAC as such.</p>

# Related parties

## Issue

### Matters in relation to related parties

ISA(UK&I) 550 covers auditor responsibilities relating to related party transactions.

Many related party transactions are in the normal course of business and may not carry a higher risk of material misstatement. However in some circumstances the nature of the relationships and transaction may give rise to higher risks.

For local government bodies, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires compliance with IAS 24: related party disclosures. The Code identifies the following as related parties to local government bodies: entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council (i.e. subsidiaries) associates

- joint ventures in which the Council is a venturer
- an entity that has an interest in the Council that gives it significant influence over the Council
- key officers, and close members of the family of key officers
- post-employment benefit plan (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

The Code notes that, in considering materiality, regard should be had to the definition of materiality, which requires materiality to be judged from the viewpoint of both the Council and the related party.

ISA (UK&I) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

# Related Party Considerations

Question	Management response
1. Who are the Council's and Group's Related Parties?	See Statutory Accounts disclosures/working papers
2. What are the controls in place to identify, account for, and disclose, related party transactions and relationships?	Senior officers & Members are identified each year and are communicated with to provide details of relevant transactions. Other parties deemed as 'related parties' are reviewed each year. Information of transactions are taken from the accounting system (SAP).



# Accounting Estimates

## Issue

### Matters in relation to Accounting Estimates

Local authorities need to apply appropriate estimates in the preparation of their financial statements. Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. ISA (UK&I) 540 sets out requirements for auditing accounting estimates.

The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

We need to obtain an understanding of:

- how management identifies the transactions, events and conditions that give rise to the need for an accounting estimate.
- how management actually make the estimates, including the control procedures in place to minimise the risk of misstatement.

We need to be aware of all estimates that the Council is using as part of its accounts preparation. These are set out overleaf. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We would ask the Corporate Governance and Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

# Accounting Estimates Considerations

Question	Management response
1. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (see Appendix A and add others if required)	Yes. See Accounting policies in the Statutory Accounts for details on specific areas. No changes to methodologies used in the year.
2. Are the management arrangements for the accounting estimates, (please set out in Appendix A) reasonable?	. Yes
3. How is the Corporate Governance and Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Via the audit of the Statutory Accounts and the stated accounting policies, and external audit opinion on the Council's annual statutory draft statement of accounts .

# Appendix A: Accounting Estimates

Estimate	Method	Controls used to identify estimates	Use of an expert	Underlying assumptions: <ul style="list-style-type: none"> <li>• assessment of degree of uncertainty</li> <li>• consideration of alternative estimates</li> </ul>	Change in accounting method in year?
Property Plant and Equipment Valuations	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p37 Draft Statement of Accounts)	No
Estimated remaining useful lives of PPE	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p38 Draft Statement of Accounts)	No

# Appendix A: Accounting Estimates (continued)

Estimate	Method	Controls used to identify estimates	Use of an expert	Underlying assumptions: • assessment of degree of uncertainty • consideration of alternative estimates	Change in accounting method in year?
Depreciation and amortisation	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p38 Draft Statement of Accounts)	No
Impairments	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p38 Draft Statement of Accounts)	No

# Appendix A: Accounting Estimates (continued)

Estimate	Method	Controls used to identify estimates	Use of an expert	Underlying assumptions: • assessment of degree of uncertainty • consideration of alternative estimates	Change in accounting method in year?
Measurement of Financial Instruments	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p27 Draft Statement of Accounts)	No
Overhead Allocations	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p35 Draft Statement of Accounts)	No

# Appendix A: Accounting Estimates (continued)

Estimate	Method	Controls used to identify estimates	Use of an expert	Underlying assumptions: • assessment of degree of uncertainty • consideration of alternative estimates	Change in accounting method in year?
Provisions for Liabilities	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p39 Draft Statement of Accounts)	No
Accruals	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p24 Draft Statement of Accounts)	No

# Appendix A: Accounting Estimates (continued)

Estimate	Method	Controls used to identify estimates	Use of an expert	Underlying assumptions: <ul style="list-style-type: none"> <li>• assessment of degree of uncertainty</li> <li>• consideration of alternative estimates</li> </ul>	Change in accounting method in year?
PFI schemes and Similar contracts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p36 Draft Statement of Accounts)	No

# Appendix A: Accounting Estimates (continued)

Estimate	Method	Controls used to identify estimates	Use of an expert	Underlying assumptions: • assessment of degree of uncertainty • consideration of alternative estimates	Change in accounting method in year?
Defined benefit pension amounts and disclosures	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p25 Draft Statement of Accounts)	No
Pension Fund Actuarial Gains/Losses	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p25 Draft Statement of Accounts)	No



# Appendix A: Accounting Estimates (continued)

Estimate	Method	Controls used to identify estimates	Use of an expert	Underlying assumptions: <ul style="list-style-type: none"> <li>• assessment of degree of uncertainty</li> <li>• consideration of alternative estimates</li> </ul>	Change in accounting method in year?
Non Adjusting events –events after the balance sheet date	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts	See Accounting Policies note in Stat Accounts (p26 Draft Statement of Accounts)	No
Any Others?					



Personnel Committee – 1<sup>st</sup> July 2019  
 Corporate Governance & Audit Committee – 5<sup>th</sup> July 2019

Title of Report: A Revised Employee Relations Framework

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Not applicable
Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a>	Not applicable
The Decision - Is it eligible for call in by Scrutiny?	No
Date signed off by <u>Strategic Director</u> & name	Rachel Spencer-Henshall, Strategic Director Corporate Strategy, Commissioning and Public Health
Is it also signed off by the Service Director for Finance	Eamonn Croston
Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	Julie Muscroft
Cabinet member <a href="#">portfolio</a>	Councillor G Turner

Electoral wards affected: Not Applicable

Ward councillors consulted: Not Applicable

Public or private: Public

## 1.0 Purpose of report

- 1.1 The purpose of this report is to provide an update for consideration by Personnel Committee and Corporate Governance & Audit Committee on the Council's revised Employee Relations (ER) Framework; it is also to seek support to recommend to Council the deletion of the ER Sub-Committee.

## 2.0 Background

- 2.1 The previous ER Framework (known as the IR Strategy Framework) was agreed in March 2017 and is attached for information at Appendix 1.
- 2.2 Following the appointment of a new Head of People Services in February 2018, a review of the ER Framework was undertaken, with views sought from trade union colleagues, managers and staff within People Services on the effectiveness of that framework. Feedback highlighted that the framework was complex and not easy to navigate, which led to confusion about where consultation and negotiation should

properly take place; feedback also highlighted that there was a lack of clarity about the route for decision-making within the framework.

- 2.3 As a result of this, a review of the framework was undertaken and a revised framework was jointly developed by management from People Services, trade union colleagues (representing support staff and teaching staff) and the portfolio holder for HR matters. This revised framework is based upon a standard model that is in place across a range of other local authorities.

### 3.0 Key issues

- 3.1 The revised ER Framework is attached at Appendix 2. The new framework is modern and transparent, clearly setting out the arrangements for engagement with trade unions at a local, directorate and corporate level. It also provides clarity on:
- Where consultation takes place;
  - Where negotiation takes place;
  - Where decision making takes place;
  - How disputes should be escalated and resolved.
- 3.2 The framework also provides clarity on the scope of attendees at each meeting, the minimum frequency of those meetings and, most importantly, terms of reference for each meeting, along with standard agendas and a requirement for formal minutes to be taken. This ensures that there is a clear and consistent approach to our engagement with trade union colleagues across the organisation (including schools) and gives transparency around decision-making.
- 3.3 In terms of dispute resolution, the new framework allows for workplace issues to continue to be managed at a local level with a clear escalation route for unresolved issues to be raised at a formal directorate meeting, chaired by the Strategic Director, a corporate meeting, chaired by the portfolio holder for HR matters and ultimately to the relevant Joint Secretaries for resolution. Implementation of any associated resolution is then delegated back to the appropriate Strategic Director. The new framework therefore sets out a clear pathway for dispute resolution and negates the requirement for a formally constituted ER Sub-Committee, which formed part of the previous framework.
- 3.4 The spirit of the new framework is one of inclusion and working collaboratively with trade unions colleagues; it is not one rooted in conflict. This is evidenced by the inclusion of teaching and non-teaching unions in the agreement and also by the use of joint working groups to work collaboratively on pieces of work such as policy development and terms and conditions reviews. These were not features of the previous framework.
- 3.5 The agreement has been accepted by all trade union colleagues, including the teaching unions and by the Head of People Services.
- 3.6 We are currently in the process of transitioning to the new framework and have convened a number of initial JCG meetings at a directorate level, with meetings scheduled as per Appendix 3. Early feedback is that the meetings are positive and welcomed by all parties.
- 3.7 Outside the formal framework, the Head of People Services continues to meet on a monthly basis with trade union colleagues to share information, resolve any issues at

the lowest level and plan any additional agenda items for the formal meetings. These meetings are known as 'Workforce Matters' meetings.

- 3.8 There is a commitment to jointly review the effectiveness of the new framework after 12 months.

#### **4.0 Impact of the Revised ER Framework**

- 4.1 The aim of the revised framework is to improve engagement and relationships with the trade unions across the organisation and to resolve conflict at the lowest level and in a constructive and transparent way.
- 4.2 As a result of the changes, there is a requirement to make some constitutional amendments as there will no longer be a need for the ER Sub-Committee.

#### **5.0 Relationship to the Corporate Plan**

- 5.1 The principles of our Corporate Plan are integral to this new framework; in particular, the spirit of the framework is based upon working together, with a common sense of purpose and values.
- 5.2 The new framework also supports us to achieve our shared outcome of working smartly to be efficient and effective.

#### **6.0 Recommendations**

- 6.1 That Personnel Committee approves the revised ER Framework and supports a recommendation to Council to approve the constitutional amendment with regard to the deletion of the ER Sub-Committee.
- 6.2 That the Corporate Governance & Audit Committee considers and recommends to Council the deletion of the ER Sub Committee.

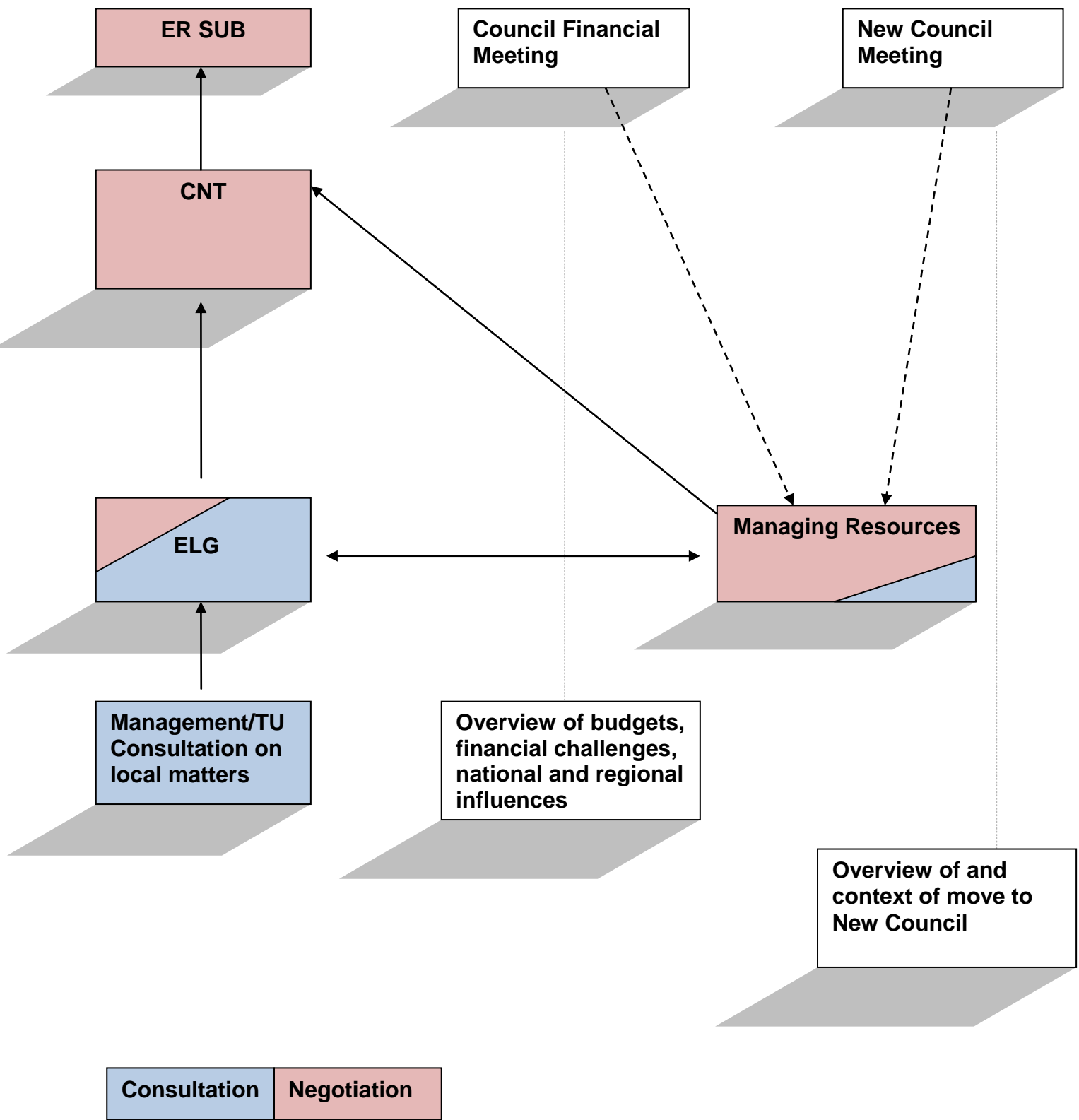
<b>Report Sponsor:</b> Rachel Spencer-Henshall Strategic Director – Strategy, Commissioning & Public Health	<b>Contact Officer:</b> Deborah Lucas Head of People Services
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IR STRATEGY FRAMEWORK (2017)

Consultation/Negotiation

Cultural Change



**ELG** **Employee Liaison Group (ELG)** is a consultation forum based at service level i.e. the area of responsibility of one Service Director, recognising there are some exceptions where alternate arrangements make sense (e.g., Soulbury ELG, Teachers/Support Staff ELG).

Below this level, ongoing management/TU engagement should take place as fits the needs of that particular area, so not necessarily formalised and scheduled but could be.

**CNT** **Central Negotiating Team (CNT)** will have two distinct functions; one as the “Appeal” mechanism where there is disagreement over decisions taken in earlier stages of the IR process: one as a last negotiating body to reflect the new context of IR. As we move into New Council the balance should shift increasingly towards the second remit.

**Managing Resources** Maintains oversight and control of Policy and T&Cs. Changes to these need the approval of Managing Resources to ensure consistency, fairness and management of risk. Learning and good practice are also shared.

**The Council Financial Meeting** will continue to provide the overarching financial context together with national and regional influences. In addition, the **New Council Meeting** will set out the high level context, direction of travel and overarching conceptual principles as we move to ‘New Council’.

“Reviews” will be formally triggered in writing to all TU’s. The overview of consistency, pace and impact will be via **Redesign Board**, whilst lessons learnt, good practice, impact on current policy will be dealt with at Managing Resources.

## Definitions

### Consultation

We consult on a range of issues including for example – changes in working practices, new job profiles, organisational change, and office opening times. We must, by law, consult on redundancies and ways to mitigate against these.

Consultation is about asking for views and ideas, listening to the suggestions put forward and giving them consideration. Often proposals change in response to consultation but not always and consultation doesn’t mean agreeing.

### Negotiation

We negotiate on a range of issues such as changes to T&C’s, pay, time off for Trade Union activity and this is with a view to reaching agreement.



## Terms of Reference

**Kirklees Joint Secretaries** - the joint secretaries' roles are an important part of the effective use of the IR Framework and at key points their input is pivotal. Therefore, requests for a CNT, from either TU or management will be discussed and the outcome agreed between the two.

The minutes of CNT will be jointly agreed between the two.

The joint secretaries will agree which of the two remits of CNT is appropriate to the issue at hand.

Where referral to an elected member appeal is requested the joint secretaries will discuss the merits of the case, prior to a formal decision being made in consultation with the Resources portfolio holder.

Where agreement cannot be reached between the two Joint Secretaries the matter will be escalated directly to Jacqui Gedman to arbitrate.

**Managing Resources** – holds the overview and control of employee related policy and T&Cs. Changes to these may only be approved by Managing Resources. Sub groups may be used to work through details which must be ratified at the full meeting. Heads of Service from across the Council attend to ensure collective understanding and ownership. Matters for negotiation, where agreement cannot be agreed, will be referred via joint secretaries to **CNT**

Appropriate issues may be referred to ELG and vice versa for consideration

**Management/TU Consultation** – takes place within service departments on issues specific to that area. These should be part of an ongoing meaningful dialogue and the format will depend on what works best in that area. It may be a formalised regular meeting or ad hoc – or a combination of the two.

**Employee Liaison Groups (ELG)** – are part of the formal IR arrangements. The focus is predominantly around consultation on issues relevant to that Service/s\* but could include negotiation where the issues involve changing how the T&CS apply. It should be noted that changes to the provision of T&C's in the Employee Handbook can only be agreed at Managing Resources and Local Agreements cannot be entered into between service managers and Union stewards. Where an issue relating to T&Cs/policy has a wider relevance than that one service\* referral is made to Managing Resources and where agreement cannot be reached on other matters for negotiation, referral is made to the Central Negotiating Team

Membership will include relevant managers, e.g. Heads of specific functions/areas and relevant service TU stewards. However, if meaningful dialogue is to take place then numbers should be limited to those who can actively participate.

Good practice would indicate that meetings should be scheduled in at regular intervals to facilitate all parties having a service wide overview of current and forthcoming pressures and priorities.

Issues relating to changes to and/or interpretation of T&Cs and policy should be referred to **Managing Resources**

\*Service equates to an area/s under the management of a Service Director

**Council Financial Meeting** – provides an overview of budgets, financial challenges, national and regional influences. Meetings are at key intervals aligned to budget process.

**New Council Meeting** - this meeting will mirror the Council Financial Meeting excepting that it will meet more frequently to:-

*provide a high level overview of future changes as the organisation moves to New Council.*

*provide local, regional and national context, including political considerations*

*develop conceptual frameworks and principles to guide the organisation*

*Understand and influence the IR landscape*

The meeting is to be chaired by the Deputy Chief Executive in the medium term

## **Central Negotiating Team (CNT)**

This is the body to which :-

a “failure to agree” arising from Employee Liaison Groups or Managing Resources will be referred

CNT will provide an “appeal” mechanism

***and/or***

CNT will provide the facility of a final negotiating forum.

The role of Chair will be held by a Strategic or Service Director, noting that the role is to represent the interests of the Council overall.

Referral to CNT is made only via (and with the agreement of both) the Kirklees joint secretaries.

### **Protocols for conduct of CNT**

In both cases, to enable the focus to be on negotiation and resolution the following will take place:-

- The documents to be used by both parties (the “bundle”) will be prepared and agreed in advance.
- Specialist advisors will be discussed and agreed in advance
- The negotiations are confidential to those in the room
- At the end of the meeting there will be an agreement about the timing, method and key messages for communications

Joint secretaries approve the minutes after the meeting

It is particularly important where the CNT is dealing with a “failure to agree”, that both sides only enter and leave the hearing together to ensure fairness and transparency. It is recognised that the formalities associated with a failure to agree may be relaxed in a negotiating forum.

To enable meaningful dialogue and negotiations to take place in either scenario then numbers should be limited to those who can actively participate.

Where CNT is hearing a failure to agree the numbers will be: - Unison (7max\*) GMB (3 max\*) Unite (2 Max\*). The relevant Service Director/Head of Service will attend and be responsible for explaining management’s position and will participate in the ensuing negotiations.

To facilitate meaningful negotiations, the numbers attending CNT as the final negotiating forum should reflect the ability to actively participate in the issue. No more than 5 maximum\* from either management or the collective TU’s will attend without the express permission of the Chair.

*\*These numbers allow for and are inclusive of the attendance of respective regional officer/s*

## **Employee Relations Sub Committee**

### **Membership**

8 members of the Council on a ratio of 4:3:1

### **Quorum**

3 members (providing that these are not all from the same political group)

### **Terms of Reference**

The Head of Human Resources in consultation with the Resources Portfolio Holder is the "gate keeper" in respect of referrals from the Officer Appeals Panel.

The ER Sub Committee will have delegated responsibility for:

1. Reviewing decisions of an Officer Appeal Panel relating to employment matters in situations where it is alleged that:
  - a. The findings of an Officer Appeal Panel are based on a judgement that is considered perverse i.e. the rationale for the decision of the Panel is not supported by the evidence submitted and there is evidence that is contrary to the findings; or
  - b. Due process has not been followed
2. Following the review, to make one of the following recommendations:
  - a. To confirm that the process followed by the Panel and/or the judgement reached by the Panel was appropriate and reasonable and that the final decision should stand;
  - b. To determine that the process followed by the Panel and/or judgement reached by the Panel was not appropriate and that either:
    - i. The Panel should reconsider it's findings in the light of the comments of the Sub Committee; or
    - ii. A new Officer Appeal Panel should be convened to re-hear the appeal.
  - c. To determine whether the process followed and/or judgement of the original service hearing was inappropriate and/or unreasonable and whether this had been taken into consideration by the Officer Appeal Panel and, if so:
    - i. To ask the Panel to reconsider the case taking these views into account; or
    - ii. If feasible, ask for the case to be re-investigated/re-heard with a new commissioning manager etc.
3. To hear disputes that have previously been presented to Central Negotiating Team and which resulted in either or both parties disagreeing with the outcome, so as to determine whether to support the management case or the Trade Union case or alternative clear direction as to the areas where they believe further negotiation is required.

# A Framework for Engagement in Employee Relations between Kirklees Council and our Trade Unions



## **Our vision for Kirklees is that we will be a Council that...**

### **Works with partners:**

- we are stronger when we share our knowledge, skills and resources

### **Works 'with' people, not 'does to' them:**

- working together with people and communities to solve problems and make the most of opportunities is at the heart of the way we work.

### **Recognises the importance of local identity and how needs differ in different places:**

- the people and places of Kirklees are complex and varied. Our diversity is one of our strengths
- we will work in ways which draw on our diverse strengths to enable people to prosper

### **We will work together with a common sense of purpose and values:**

#### **We will be:**

- Passionate - about the difference we make
- Confident - in our abilities to get things done
- Flexible - in doing what we can as well as we can

## **Purpose**

This framework outlines the approach to employee relations between the Council and the trade unions.

It aims to bring clarity of roles and responsibilities, ensuring that employees are treated reasonably, with respect and fairness and have a 'voice' in key employment matters

## **Scope**

The Council operates within a system of collective bargaining with recognised trade unions in order to effectively negotiate terms and conditions of employment for employees. Membership of one of the recognised trade unions therefore provides employees with an opportunity to actively engage in decisions which may impact upon their employment.

The framework relates to employees of Kirklees Council. It covers the following recognised, trade unions: GMB, UNISON and Unite (known collectively as the Joint Trade Unions for staff covered by the Employee Handbook) plus the following teaching unions: ASCL, NAHT, NASUWT, NEU.

## **Framework Approach**

Dialogue within the framework is based on an open approach which engenders solution focused discussions and reflects the Council's vision, values and behaviours.

A prerequisite of the involvement of all parties will be a commitment to ensuring positive and constructive input based on behaviours centred on transparency, integrity and a genuine commitment to working together as a team for Kirklees to resolve issues. Both management and trade unions will strive to make the Council an exemplar of good employment practice and a progressive force in shaping innovative and creative solutions to employment related challenges.

The Council and the trade unions recognise the need for a more pragmatic and joint approach towards employee relations. This approach will be underpinned by a commitment from the Council to ensure that consultation, negotiation and communication with the trade unions is undertaken at the earliest possible opportunity.

An effective relationship with the trade unions does not remove the right of leaders and managers to manage and take those difficult decisions. However, it does impose a genuine obligation of ensuring that the views of employees are sought and considered before decisions are taken, which may impact upon them.

## **Early Resolution of Issues**

Wherever possible, issues should be raised, consulted and resolved at a local level within the relevant consultative framework being used and with appropriate input from People Services. Issues which have not been resolved through local discussions should be directed to the relevant HR Manager, who may respond directly or consult with the Head of People Services to facilitate an early resolution of the issue.

Issues referred for consideration to HR Managers (including the Head of People Services) are not meant as a means of circumventing the right of leaders and managers to take difficult decisions. Such referrals are an opportunity to try and resolve matters early and, if possible, avoid delays or escalation to external bodies such as Employment Tribunals. This arrangement is not meant as an automatic referral mechanism for issues which are the subject of general disagreement.

## **Dispute Resolution**

Matters which are still unresolved following referral to HR Managers (including the Head of People Services) will be considered for further referral to other appropriate internal Council forums (e.g. Directorate or Corporate JCGs) with a view to exploring all possible avenues of resolution. In the event that it is not possible to resolve the matter within the Council, the matter(s) can be referred to the relevant negotiating body joint secretaries for conciliation / mediation.

Before either side is able to register a 'failure to agree' all levels of discussions, including those at a local level, Directorate Joint Consultative Group (JCG) and the Corporate JCG level, must have been exhausted at each stage before escalating to the next stage.

It is only at the Corporate Negotiating Group (CNG) that a "failure to agree" can be registered directly once discussions at that stage have not resolved matters.

This does not prevent both sides from holding informal discussions and seeking advice to try and resolve the dispute.

Any 'failure to agree' lodged will lead to referral to the relevant regional joint secretaries for conciliation / mediation.

## **Joint referral to Joint Secretaries**

There may be occasions when both parties believe that a dispute would benefit from the involvement of the Joint Secretaries. When both parties agree then the Joint Secretaries may be invited to assist at any stage during the consultation / negotiation process.

## **Measuring Success**

The success of the framework will be measured through the following:

- feedback from the annual Staff Survey
- improvements in performance data relating to the workforce
- reduction in unresolved issues being escalated to Strategic Directors, HR Managers, Head of People Services and trade union officials

## **Review of the Framework**

The framework will be reviewed on an annual basis





**APPENDIX 1 – FORMAL EMPLOYEE RELATIONS FRAMEWORK**

	CONSULTATION			NEGOTIATION	JOINT WORKING
	Local consultation	Directorate/Schools Joint Consultative Groups	Corporate Joint Consultative Group	Corporate Negotiating Group	Joint Working Groups
<b>Purpose</b>	To share local information and respond to local issues and matters of change	To share information and consult on employment matters relating to the Directorate/schools which are not subject to negotiation; To provide an opportunity for effective contribution to health and safety issues	To inform and update trade union officials on Council-wide matters; To consult on Council-wide employment matters that are not subject to negotiation; To provide an opportunity for effective contribution to corporate health and safety issues	To negotiate on changes which may impact upon pay and/or terms and conditions of employment across the Council or in service areas.	To seek trade union involvement in projects or initiatives which impact upon the workforce. Working groups may be commissioned by Directorate/Corporate JCGs or the CNG.
<b>Minimum Frequency</b>	As required	Quarterly	Quarterly	As required	As required
<b>Terms of Reference</b>	Not applicable	Attached	Attached	Attached	Agreed individually based upon the nature of the working group subject matter
<b>Attendees</b>	As appropriate	Strategic Director (or nominee) to chair; Relevant Service Directors/Heads of Service; HR Manager/Partner; H&S Officer	Portfolio Holder (or nominee) to chair; Head of People Services (or nominee) vice chair; Strategic Directors (or nominees); relevant Service Directors/HoS (where appropriate); HR Managers; H&S Officer	Head of People Services (or nominee) to chair; relevant Strategic/Service Directors (or nominees) where appropriate; HR Manager(s); HR Partner(s) where appropriate	As appropriate
<b>TU Level</b>	As nominated	Relevant local official/local steward/H&S representative	Regional and / or relevant local officials/H&S representative	Regional and / or relevant local officials /relevant stewards	As appropriate
<b>Additional information</b>	Scope may include general local updates, change programmes, service reviews; or any specific local implementation of new working practices or arrangements	Scope includes directorate updates, service reviews, workforce updates, H&S updates, plus related items raised by TUs.	Scope includes corporate updates, corporate reviews, workforce updates, H&S updates, review of Directorate JCG minutes, plus related items raised by TUs and matters referred to the group by DCGs, CNG or other Working Groups.	Examples may include pay and grading matters, changes to Employee Handbook (T&C's), etc.	Examples may include pay and reward projects; health and wellbeing initiatives; review of policies and procedures; etc. The outcome of the working groups may be referred back to Directorate/Corporate JCGs or the CNG



ER Framework Meetings- JCG's

<b>(2019)</b>							
<b>Directorate</b>				<b>Corporate</b>			
	<i>w/c 17<sup>th</sup> June</i>	<i>w/c 9<sup>th</sup> September</i>	<i>w/c 9<sup>th</sup> December</i>		<i>w/c 8<sup>th</sup> July</i>	<i>w/c 30<sup>th</sup> September</i>	<i>w/c 30<sup>th</sup> December</i>
Rachel Spencer-Henshall Corporate Services	<b>19.06.19</b> 3.30pm-5pm CC3 Ga	<b>11.09.19</b> 9.30am-11am CC3 Ga	<b>11.12.19</b> 3.30pm-5pm CC3 Ga				
Karl Battersby Economy & Infrastructure	<b>18.06.19</b> 1.30pm-3pm CC3 Conference Room	<b>10.09.19</b> 1.30pm-3pm CC3 Conference Room	<b>11.12.19</b> 1pm-2.30pm CC3 Conference Room		Thursday 11 <sup>th</sup> July 1pm-3pm Huddersfield Town Hall	Monday 30 <sup>th</sup> September 11am-1pm Conference Room	Wednesday 8 <sup>th</sup> January 2pm-4pm Conference Room
Richard Parry Adults' Services	<b>17.06.19</b> 10.30am- 12.30pm CC3 Ga	<b>09.09.19</b> 10.30am- 12.30pm CC3 Ga	<b>09.12.19</b> 11am-1pm CC3 Ga				
Mel Meggs Children's Services	<b>13.06.19</b> 10am-12noon CC3 Leadership Room	<b>12.09.19</b> 10am-12noon CC3 Leadership Room	<b>12.12.19</b> 10am-12noon CC3 Leadership Room				

ER Framework Meetings- JCG's

(2020)								
Directorate				Corporate				
<i>w/c 2<sup>nd</sup> March</i>	<i>w/c 22<sup>nd</sup> June</i>	<i>w/c 14<sup>th</sup> September</i>	<i>w/c 7<sup>th</sup> December</i>	<i>w/c 23<sup>rd</sup> March</i>	<i>w/c 13<sup>th</sup> July</i>	<i>w/c 5<sup>th</sup> October</i>	<i>w/c 28<sup>th</sup> December</i>	
Rachel Spencer- Henshall Corporate Services	<b>05.03.20</b> 2pm-3.30pm CC3 Ga	<b>25.06.20</b> 10am-11.30am CC3 Ga	<b>17.09.20</b> 10.30am- 12noon CC3 Ga	<b>10.12.20</b> 10am-11.30am CC3 Ga	Wednesday 25 <sup>th</sup> March 3pm-5pm Conference Room	Wednesday 15 <sup>th</sup> July 2pm-4pm Conference Room	Wednesday 7 <sup>th</sup> October 2pm-4pm Conference Room	Wednesday 6 <sup>th</sup> January 2pm-4pm Conference Room
Karl Battersby Economy & Infrastructure	<b>03.03.20</b> 1pm-3pm CC3 Conference Room	<b>23.06.20</b> 1pm-3pm CC3 Conference Room	<b>15.09.20</b> 1pm-3pm CC3 Conference Room	<b>08.12.20</b> 1pm-3pm CC3 Conference Room				
Richard Parry Adults' Services	<b>02.03.20</b> 11am-1pm CC3 Ga	<b>22.06.20</b> 11am-1pm CC3 Ga	<b>14.09.20</b> 11am-1pm CC3 Ga	<b>07.12.20</b> 11am-1pm CC3 Ga				
Mel Meggs Children's Services	<b>04.03.20</b> 10am-12noon CC3 Leadership Room	<b>22.06.20</b> 10am-12noon CC3 Leadership Room	<b>17.09.20</b> 10am-12noon CC3 Leadership Room	<b>10.12.20</b> 10am-12noon CC3 Leadership Room				

**Name of meeting:** Corporate Governance and Audit Committee

**Date:** Friday 5 July 2019

**Title of report:** Members Allowance Independent Review Panel - Locality Lead Role

**Purpose of report**

To agree the submission of the recommended Locality Lead Member Allowance, as recommended by the Members Allowance Independent Review Panel, to Council

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	No
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>	Not applicable
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	Not applicable
<b>Date signed off by <a href="#">Strategic Director</a> &amp; name</b>	Rachel Spencer Henshall – 26 June 2019
<b>Is it also signed off by the Service Director (Finance)?</b>	Eamon Croston -
<b>Is it also signed off by the Service Director for Legal Governance and Commissioning?</b>	Julie Muscroft – 27 June 2019
<b>Cabinet member <a href="#">portfolio</a></b>	Councillor Shabir Pandor, Leader of the Council

**Electoral wards affected:** All

**Ward councillors consulted:** Not applicable

**Public or private:** Public

## 1. **Summary**

In the context of the council's strategic approach to Place Based Working approval was given to the establishment of the role of Locality Lead Councillor at the Annual Meeting of Council held on 22 May 2019. It was also agreed that the allowance payable in relation to this role be referred to the Members Allowances Independent Review Panel.

The attached role profile will be considered at a meeting of the Members Allowances Independent Review Panel on 5 July 2019, who will recommend a level of remuneration for the Locality Lead Role for consideration and approval at a meeting of the Council. The Corporate Governance and Audit Committee are asked to approve the submission of the recommended remuneration for the role to the meeting of Council on Wednesday 17 July 2019.

## 2. **Information required to take a decision**

In recognition of the importance of elected councillor leadership at a locality level the Council have agreed to the establishment of seven Locality Lead Members who will provide leadership, working with the Cabinet Lead Member, for the introduction of the Place Partnership proposal as agreed at the Annual Meeting of Council, for each of following areas:

- Batley, Birstall and Birkenshaw;
- Spenn Valley;
- Dewsbury;
- Huddersfield North;
- Huddersfield Central;
- Huddersfield Rural;
- Colne Valley

The role has been established so that Locality Leads can begin to take on new responsibilities and collectively work with officers to progress locality working in more detail.

In establishing the role the Annual Meeting agreed that the allowance payable in relation to this role be referred to the Members Allowances Independent Review Panel following the redraft of a role profile as attached. The Locality Lead Members have had an opportunity to collectively comment on the content of the role profile.

Subsequent to their appointment, the seven Locality Lead Members have begun to work together to develop a shared approach to undertaking their role and have specifically begun to look at the thematic priorities of mental health and domestic abuse.

The Members Allowances Independent Review Panel will meet on 5 July 2019, the day of this meeting of the Corporate Governance and Audit Committee and the Committee are therefore recommended to approve the submission of the Independent Review Panel's recommended level of remuneration for the role to the meeting of Council on 17 July 2019 for consideration.

If the outcome of the Members Allowances Independent Review Panel is available prior to the meeting of Corporate Governance and Audit Committee this will be reported verbally at the meeting.

### 3. **Implications for the Council**

- 3.1 **Working with People** – Locality working, and our wider approach to place-based working, is wholly predicated on working outwards from communities with a strong focus on genuine engagement and dialogue. The Locality Lead Member role should be seen within this context.
- 3.2 **Working with Partners** – Locality working is being developed in a way that recognises the need for certain issues to be discussed and addressed at a locality level. They are of the type e.g. mental health that demand wider partnership dialogue, co-production and solutions. Partnership working will be at the heart of our developing approach to locality working and the role of the Locality Lead Member is essential to facilitate Councillor Leadership in securing a partnership approach that best meets the needs of individual localities.
- 3.3 **Place Based Working** – Locality working is an important part of our developing approach to place based working.
- 3.4 **Improving outcomes for children** – Locality working will inevitably incorporate the consideration, discussion and progression of issues that will improve outcomes for children within those seven localities.
- 3.5 **Other (eg Legal/Financial or Human Resources)** – The Members Allowances Independent Review Panel will consider the proposed role in the context of the wider Allowances Scheme at its meeting on 5 July 2019.

### 4. **Consultees and their opinions**

The Members Allowances Independent Review Panel will consider and determine a recommended remuneration for the role of the Locality Lead Member based on the role profile attached to the report. The role profile had been developed by the Head of Democracy and consultation on its content has taken place with:

The Cabinet Portfolio Holder for Housing and Democracy  
The Locality Lead Members  
The Strategic Director for Corporate Strategy, Commissioning and Public Health

### 5. **Next steps and timelines**

Locality Lead Members have begun their work following their appointment at the Annual Meeting on 22 May 2019 and, subject to confirmation of the Corporate Governance and Audit Committee, the remuneration for the role, as recommended by the Members Allowances Independent Review Panel, will be considered at the meeting of Council on 17 July 2019.

### 6. **Officer recommendations and reasons**

That Corporate Governance and Audit Committee agree to the submission of the remuneration level for the role of Locality Lead Member, as recommended by the Members Allowances Independent Review Panel at its meeting on 5 July 2019, to Council on 17 July 2019.

### 7. **Cabinet portfolio holder's recommendations**

That the officer recommendations be approved.

8. **Contact officer**

Richard Farnhill, Council Business Manager  
[Carl.whistlecraft@kirklees.gov.uk](mailto:Carl.whistlecraft@kirklees.gov.uk)

9. **Background Papers and History of Decisions**

Reports to the meetings of Corporate Governance and Audit Committee (17 May 2019) and the Annual Meeting (22 May 2019) on the establishment of the role of Locality Lead Member.

Report to the Annual Meeting on 22 May 2019 on Ward and Place Partnerships.

10. **Service Director responsible**

Rachel Spencer Henshall, Strategic Director for Corporate Strategy, Commissioning and Public Health



# Place Partnership Lead Councillor

## **Leading, Representing and Working Together**

A Kirklees Place Partnership Lead Councillor will work with the designated Cabinet Lead Member to develop and implement Place Based Working within a geographical area using a topic or theme based approach. They will:

- Provide leadership at a locality level to facilitate the involvement of communities, councillors, officers and partners;
- Commission intelligence and insight to facilitate the identification of topics that are a priority for the respective locality in the context of the 7 shared outcomes:
  - Best start;
  - Well;
  - Independent;
  - Aspire and achieve;
  - Sustainable economy;
  - Safe and cohesive;
  - Clean and green
- Identify, support and build community capacity;
- Refine existing, and develop new, approaches to citizen engagement;
- Ensure that locality stakeholders, community organisations are involved in such engagement;
- Develop and maintain effective working relationships with partners;
- Facilitate partnership working with other agencies (e.g. health, police etc) in the context of citizen engagement activity and responding to the outcomes of such work;
- Oversee service delivery;
- Monitor progress against agreed actions and evaluate success and impact;
- Communicate and promote the work carried out in the locality.

# Place Partnership Lead Councillor

## **Governance and Decision Making**

A Kirklees Place Partnership Lead Councillor will:

- Have responsibility for, and provide a lead on, the initiation and development of the approach within each locality.
- Ensure that the work taking place in the locality for which they are responsible is reported into the relevant council and partnership governance structures;
- Consider and have regard to professional officer advice when taking decisions.
- Work proactively and constructively with ward councillors within the respective locality.
- Attend Overview and Scrutiny Committee and Scrutiny Panels to discuss the work for which they are responsible (as appropriate)