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Thursday 20 June 2024

Notice of Meeting

Dear Member

Corporate Governance and Audit Committee

The **Corporate Governance and Audit Committee** will meet in the **Council Chamber - Town Hall, Huddersfield** at **10.00 am** on **Friday 28 June 2024.**

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

Samantha Lawton

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 John Taylor (Chair)
Councillor James Homewood
Councillor Angela Sewell
Councillor Caroline Holt
Councillor Kath Pinnock
Councillor Imran Safdar
Councillor Habiban Zaman
Chris Jones (Co-Optee)

When a Member of the Corporate Governance and Audit Committee cannot attend the meeting, a member of the Substitutes Panel (below) may attend in their place in accordance with the provision of Council Procedure Rule 35(7).

Substitutes Panel

Conservative	**Green**	**Labour**	**Liberal Democrat**	**Community Alliance**	**Kirklees Community Independents**
D Bellamy	K Allison	M Sokhal	PA Davies	A Zaman	A Anwar
D Hall	A Cooper	M Ahmed	J Lawson		A Arshad
R Smith	S Lee-Richards	S Ullah	A Munro		JD Lawson
M Thompson		B Addy	A Marchington		
		M Crook	A Smith		
		J Rylah E Firth	A Pinnock		
			A Robinson		

Ex Officio Members
Councillor Cathy Scott
Councillor Cahal Burke
Councillor Bill Armer

Agenda
Reports or Explanatory Notes Attached

Pages

1: Membership of the Committee

To receive apologies for absence from those Members who are unable to attend the meeting and details of substitutions and for whom they are attending to the Committee membership.

2: Minutes of Previous Meeting — 1 - 6

To approve the Minutes of the meeting of the Committee held on the 12th May 2024.

3: Declaration of Interests — 7 - 8

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

4: Admission of the Public

Most agenda items take place in public. This only changes where there is a need to consider exempt information, as contained at Schedule 12A of the Local Government Act 1972. You will be informed at this point which items are to be recommended for exclusion and to be resolved by the Committee.

5: Deputations/Petitions

The Committee will receive any petitions and/or 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 submit a petition at the meeting relating to a matter on which the body has powers and responsibilities.

In accordance with Council Procedure Rule 10, Members of the Public must submit a deputation in writing, at least three clear working days in advance of the meeting and shall subsequently be notified if the deputation shall be heard. A maximum of four deputations shall be heard at any one meeting.

6: Customer Standards 2023/24 Interim Report — 9 - 18

To receive the Corporate Customer Standards 2023/24 Interim Report.

Contact: Chris Read, Corporate Customer Standards Officer.

7: Annual Report on Treasury Management 2023/24 — 19 - 44

To receive the Annual Report on Treasury Management.

Contact: James Anderson, Head of Accountancy.

8: Draft Annual Governance Statement 2023/24 — 45 - 66

To receive the Draft Annual Governance Statement 2023/24.

Contact: Simon Straker, Audit Manager.

9: Amendments to Risk Management Statement — 67 - 102

To consider the amendments to Risk Management Statement.

Contact: Alice Carruthers, Corporate Risk Manager.

10: Agenda Plan — 103 - 104

To review the agenda plan 2024/25.

Contact: Nicola Sylvester, Principal Governance and Democratic Engagement Officer.

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Contact Officer: Nicola Sylvester

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 10th May 2024

Present:	Councillor James Homewood (Chair) Councillor Yusra Hussain Councillor Harry McCarthy Councillor John Taylor Councillor Kath Pinnock Councillor Mohan Sokhal (Substitute) Councillor Donna Bellamy (Substitute)
In attendance:	Steve Mawson, Chief Executive Rachel Spencer-Henshall, Strategic Director, Corporate Strategy, Julie Muscroft, Service Director, Legal Governance and Commissioning, Kevin Mulvaney, Service Director, Finance Leigh Webb, Acting Head of Governance David Stickley, Principal Lawyer (Virtual) Martin Dearnley, Head of Risk and Internal Audit James Anderson, Head of Accountancy (Virtual) Gareth Mills, Grant Thornton Greg Charnley, Grant Thornton Joel Hanna, Head of Childrens Sufficiency, Resources, Improvement & Partnership Vicky Metheringham, Service Director, Childrens (Virtual)
Apologies:	Chris Jones (Independent Person) Councillor Graham Turner – Ex Officio

1 Membership of the Committee

Apologies were received on behalf of Councillor Graham Turner, Ex Officio and Chris Jones, Independent Person.

Mohan Sokhal attended as Labour Substitute
Donna Bellamy attended as Conservative Substitute**.**

2 Minutes of Previous Meeting

RESOLVED: That the minutes of the meeting of 19th April 2024 be approved as a correct record.

3 Declaration of Interests

No Interests were declared.

4 Admission of the Public

It was noted that agenda item 17 would be considered in private session.

5 Deputations/Petitions

No deputations or petitions were received.

6 Public Question Time

There were no public questions.

7 Informing the Audit Risk Assessment for Kirklees Metropolitan Council

The Committee received a report on Informing the Audit Risk Assessment for Kirklees Metropolitan Council.

The Council's External Auditor, Grant Thornton, had asked that Council Officers completed the 'Informing the audit risk assessment for Kirklees Council 2023/24' which consisted mainly of a schedule of issues relating to (i) General Enquiries of Management (ii) Fraud (iii) Fraud Risk Assessment (iv) Laws and Regulations (v)Impact of Laws and Regulations (vi) Related Parties with whom the council had or recorded transactions (vii) Going concerns (viii) Accounting Estimates (ix)Accounting Estimates – General Enquiries of Management.

The Committee noted that External Audit had requested they affirm that they believed the assertions to be true (or have no reason to believe that they were untrue).

RESOLVED: That the Informing the Audit Risk Assessment for Kirklees Metropolitan Council be formally submitted to Grant Thornton.

8 Kirklees Council External Audit Plan 2023-24

The Committee received Kirklees Council External Audit Plan 2023-24 from Grant Thornton, who advised that the report provided an overview of the planned scope and timing of the statutory audit of Kirklees Council for those charged with governance. The scope of the audit was set in accordance with the Code of International Standards on Auditing. Grant Thornton was responsible for forming and expressing an opinion on the council and groups financial statements that had been prepared by management with the oversight of those charged with governance and updated the Committee on (i) Significant risks (ii) Group Audit (iii) Materiality (iv) Value for Money arrangements (v) Audit logistics.

During consideration of this item, the Committee noted that the Dedicated School Grant overspend and dealing with the accumulated deficit position was related to high needs.

RESOLVED: That the External Audit Plan 2023-24 be noted.

9 Proposed Amendment of arrangements for Corporate Parenting Board

The Committee received a report which proposed amendments of arrangements for Corporate Parenting Board.

To support the establishment of broader partnership arrangements to deliver the authorities duties for ensuring corporate and partnership arrangements were in place, and to strengthen current arrangements in supporting children in care and care leavers in line with the authority's statutory responsibilities across a wider range of partners, it was proposed that the current arrangements set out in the council's constitution for oversight of the Corporate Parenting Board be amended. This reflected that the Board would be a closed partnership meeting following the revision of terms of reference and revised Corporate Parenting Strategy.

RESOLVED: That proposed amendments of arrangements for Corporate Parenting Board, as set out in this report, be recommended to Annual Council for approval.

10 Proposed Amendments to Contract Procedure Rules

The Committee received a report setting out information on proposed changes to Contract Procedure Rules for the year 2024/25. The Contract Procedure Rules ensured that the Council was acting in line with current legislation and other developments in public law when conducting procurements. The proposed changes within the report related to minor updates to the procurement threshold limits and updated to Rule 8 Disposals.

RESOLVED: That proposed changes to Contract Procedure Rules 2024/25, as set out in the report, be recommended to Annual Council for approval.

11 Proposed Amendments to Financial Procedure Rules

The Committee received a report setting out information on proposed changes to Financial Procedure Rules for the year 2024/25. The proposed changes related to capital budgeting and budgetary control arrangements and minor proposed changes regarding grants. It was reported that the sections affected were most of FPR3 and clause 5 of section 22. All the text changes were highlighted within Appendix 1 by a table showing them as now and as proposed against each paragraph. The changes proposed in the report were intended to make clear that once Council had determined a capital plan, all specific projects, or programmes of expenditure required a business case that must be approved by Cabinet. There were no changes to financial limits or authority and the same procedures were presented in a way intended to be slightly simplified and easier to follow. It was highlighted that the changes made clear that any grants received from government and West Yorkshire Combined Authority required formal incorporation into the council capital budget process, including an approved business case for any capital investment and that any onerous grant conditions were subject to Cabinet approval.

RESOLVED: That the proposed changes to Financial Procedure Rules, as set out in the report, be recommended to Annual Council

12 Proposed Amendments to the Council's Constitution

The Committee received a report which set out a number of proposed changes to the Council's constitution, along with details of amendments made since 2023, on the authority of the Council and by the Monitoring Officer using delegated powers.

The report set out the proposed changes in relation to the different parts of the constitution, with information setting out detail of the proposed change and which approval and/or comment was sought. It was noted that there had been some changes using delegated authority granted to the Monitoring Officer by Council on 20th May 2015 to reflect changes to officer's titles, typing or grammatical errors, old references, and new legislation. The list of changes made using the Monitoring Officer's delegation were set out in Appendix 1 for information and members were asked to note the changes.

During discussion of the item, the Committee made reference to the proposed process of petitions, deputations, written questions and speaking rights.

The Committee requested the wording be more defined for petitions, along with petition debates to be scheduled within a reasonable time period.

The Committee felt that for deputations, video and audio presentations could be a useful tool, although they acknowledged that requests would have to be timely and comply with the Council's IT Security policy.

The Committee was supportive of the change for written questions at full Council meetings but not for the proposed changes to questions at Cabinet and Council committees, due to public participation and transparency, it was suggested that this proposed change be part of a future review.

With regards to supplementary questions and answers recorded on the webcast, the Committee suggested that the time limit of 12 months be removed, and for it to be in line with the Council's retention policy.

The Committee suggested that speaking rights for Members and public at committees be considered as part of a future review.

RESOLVED:

1. That the changes made to the Constitution in 2023-24 listed in Appendix 1 be noted

2. That the proposed changes to the Constitution set out in section 2 of the report be approved with the following recommendations:
   (i) Amendments to CPR 9 relating to the presentation of petitions and referral of subject matter.
   (ii) Amendments to CPR 9a subject to the replacement of the word "may" with "will" and clarification that where a debate is requested (for petitions exceeding 3000 valid signatures) this will be scheduled within a reasonable time period.

(iii) Amendments to CPR’s 9 and 10 to make them consistent with CPR 11in respect of the need to be a resident or business owner in Kirklees in order to be able to present a petition or deputation.
(iv) That the proposed amendments in respect of CPR 11(6) be applied to CPR 12 for written questions by the public and Elected Members at Full Council meetings only.
(v) That CPR 12(6) be approved subject to the removal of wording “with the consent of the Chair”
(vi) Amendments to CPR 11(7) subject to the removal of wording “for a period of 12 months”.
(vii) Proposals relating to Member Speaking Rights (CPR 36(1)), Permission to Speak by Members of the Public (CPR 37), Video requests for deputations (CPR10) and the wider application of the proposals set out in (v) above to Cabinet and Council Committees be subject to further consideration following a future review.

3. Notes that work will continue to keep the Constitution under review.

4. Recommends to Council that they note and approve (as applicable) the above recommendations and delegate authority to the Service Director – Legal, Governance and Commissioning to make appropriate amendments to the constitution which may be agreed by Council as well as any consequential amendments to the constitution to reflect the changes agreed.

13 Internal Audit Annual Report for 2023/24

The Committee received the Internal Audit Annual Report for 2023/24 which provided information about Internal Audit activity during 2023/24, and an assurance option from the Head of Internal Audit and Risk.

The Head of Internal Audit was required each year to provide an opinion to the Council about the level of assurance that was provided through systems of governance, risk management and financial control. The report concluded that there was just sufficient evidence to demonstrate that the Council’s system was largely effective.

During consideration of this item, it was noted that Kirklees Internal Audits should be comparable with other Local Authorities and the Head of Risk was asked to seek information and report it to a future meeting of the Committee. The Committee noted a creeping increase in limited assurance raised concerns. The Committee suggested that persons accountable for the limited assurances should attend this Committee to provide an explanation.

RESOLVED: That the Internal Audit Annual report be noted.

14 Internal Audit Plan 2024/25

The Committee received a slightly revised Internal Audit Plan 2024/25 which addressed matters discussed in connection with the Audit Plan at the meeting of this Committee on 19th April 2024.

The Corporate Governance and Audit Committee had requested the proposed first half, and draft second half plans for 2024/25 to be supplemented by one additional audit and to allocate the audits between quarters.

RESOLVED: That the Internal Audit Plan 2024/25 be noted.

15 Quarterly report of Internal Audit Q4 - January 2024 - March 2024

The Committee received the Quarterly Report of Internal Audit Quarter 4 – January 2024-March 2024 which provided Internal Audit activity during the final quarter of 2023/24.

All work included in the report had reached a finalised state and, except where shown otherwise, management had accepted the findings and agreed to implement the recommendations. A number of audits were awaiting finalisation and would be reported in the next quarter.

During discussion, it was noted that the position a from previous follow-up audit review in 2022/23 for Emergency Duty Service remained unchanged, with implementation of the 8 outstanding recommendations still needed. The Committee suggested that the service be invited to a future meeting to provide an update.

RESOLVED: That the Quarterly report of Internal Audit Q4, January – March 2024 be noted.

16 Exclusion of the Public

RESOLVED – That acting under Section 100(A) of the Local Government Act 1972, the pubic be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Park 1 of Schedule 12A of the Act, as specifically stated in the undermentioned minutes.

17 Quarterly Report of Internal Audit Q4, January 2024 - March 2024

The Committee noted the exempt information, which was a supplement to agenda item 15.

KIRKLEES COUNCIL

COUNCIL/CABINET/COMMITTEE MEETINGS ETC
DECLARATION OF INTERESTS

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.

Kirklees COUNCIL

Corporate Customer Standards 2023/4 Interim Report

Meeting:	**Corporate Governance and Audit Committee**
Date:	**28/06/2024**
Cabinet Member (if applicable)	**Cllr Scott**
Key Decision **Eligible for Call In**	**No**

Purpose of Report

To update Corporate Governance and Audit Committee of corporate complaints performance.

To discuss the Ombudsman Complaints Code, to propose work to introduce a Council "customer standard" and to update on a review of recording and reporting arrangements.

To provide a brief update on performance and learning for 2023/4 ahead of the full year report in late summer 2024.

Recommendations

- To note the initial performance information for 2023/4.
- To note the plans for changing the complaints procedure, introducing a new customer standard, and performance monitoring, and request a more detailed report back in due course.

Reasons for Recommendations

- The introduction of the Local Government Ombudsman (LGO) Code necessitates a review of complaints procedures.
- Recognition that corporate performance data is currently limited outside of the third stage of the corporate complaints process.

Resource Implications:

The Corporate Customer Standards section is a small team, and development, and ongoing data collection work will need to be proportionate so as to not impact upon day-to-day complaint handling performance.

In implementing the LGO Code there may be issues for services in meeting complaint handling deadlines, sending acknowledgements, and collecting performance data. Balanced against this, we may reduce repeat demand and spend less time complaint handling.

Work to build up complaints and monitoring capacity within service areas will be needed.

Date signed off by Strategic Director & name	12/06/24 Rachel Spencer-Henshall

Is it also signed off by the Service Director for Finance?	N/A
Is it also signed off by the Service Director for Legal Governance and Commissioning?	12/06/24 Samantha Lawson

Electoral wards affected: All – general report

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes

1. Executive Summary

A summary of 2023/24 complaint outcomes at third stage are provided at Appendix 1 below. A brief outline of the work required to bring the complaints process in line with the Local Government Ombudsman code is provided, along with plans to introduce a "Customer Standard", and improved complaints reporting.

Examples from learning from complaints are provided.

The Kirklees Council complaints process appears to perform favourably when compared with West Yorkshire councils.

2. Information required to take a decision

Contained within Appendix 1.

3. Implications for the Council

While recognising individual complainants may suffer frustrations and loss, the council's complaints process appears reasonably robust, when considering Ombudsman outcomes.

The report suggests that improvement change be made incrementally, as it is vital that the core focus remains on day-to-day complaints handling within the corporate team and directorates. This may increase pressure on managers in services to meet the deadlines and reporting required by the new Local Government Ombudsman Code, although this is less onerous than was originally proposed by the Ombudsman.

3.1 Council Plan

None

3.2 Financial Implications

None (at this stage, and likely to be quite small)

3.3 Legal Implications

None

3.8 **Other (eg Risk, Integrated Impact Assessment or Human Resources)**

None

4. Consultation

None at this stage

5. Engagement

None

6. Options

Options considered

The Council could decide to ignore the new Ombudsman code, but the Council has in any case recognised a need to review and update the complaints procedure, and the need to improve the scope and scale of our complaints reporting. The Ombudsman would be very likely to be critical of the council's complaint handling efforts, if it was decided to disregard their advice without good cause.

Reasons for recommended option

Not applicable

7. Next steps and timelines

To continue work, and to provide update at full report (September 2024)

8. Contact officer

Chris Read, Corporate Customer Standards Officer

Martin Dearnley, Head of Risk

9. Background Papers and History of Decisions

See report below

10. Appendices

None

11. Service Director responsible

Samantha Lawton, Service Director - Legal, Governance and Commissioning, Rachel Spencer Hensall, Strategic Director

Appendix 1.

1. Update on Local Government Ombudsman Code

Towards the end of 2023, the Local Government Ombudsman proposed a new Complaints Code. This was intended to set out a standard complaints procedure for all councils to follow prior to escalation to the Ombudsman.

The code was intended to be coupled with the Housing Ombudsman's Complaints Handling Code for Landlords. It was not intended to replace other complaint progression routes set out in law (for example Childrens, Housing Benefit Appeals, Planning Appeals etc.)

Following comment and consultation with Local Councils and other interested parties, a significantly revised code for "advice and guidance" for councils was published in February 2024. Councils are expected to introduce and follow the code by April 2026.

Main features of the new code are as follows:

- A two stage complaints process (service and corporate review) with a formal acknowledgement process.

- A timescale for response (stage 1: 5 days for acknowledgement, 10 further working days for response, Stage 2: 5 days for acknowledgement, 20 further working days for response). Extensions to the deadlines should be reasonable, and highlighted to the resident at the point the complaint is first considered.

- Consideration of reasonable complaint remedy to be made and provided at stage 1.

- Regular feedback to a "Member responsible for complaints".

- A self-assessment and performance reporting process

- There is a prior "service request" stage, which might be considered as a request the council receives to provide or improve a service or fix or reconsider a problem. This broadly equates to Kirklees' existing "stage 1 complaint", which is the initial contact.

The Corporate Customer Standards Section will be looking to work with Council Services to introduce changes to the existing complaints procedure during 2024, so the process can be tested and bed-in during 2025, and so the Council is operating in line with the Ombudsman's expectations for the Code by 2026. It is likely to be appropriate to continue to introduce restorative practice, particularly where remedy is considered more often within service areas, to resolve as many complaints as early as possible.

It should be noted that the Ombudsman is trialling the code with a small number of councils and feedback from that process is expected early in 2025.

While the Local Government Ombudsman Complaints code is technically voluntary, it appears to present good practice, and councils would need good cause to depart from the advice the Ombudsman provided. Again, the long lead time enables officers and services to consider the code in practice, and to discuss any departures from the code (should any be proposed, in time).

Issues that may present themselves might include:

- recording (new) stage 1 complaints and timescales,
- ensuring service timescales are met,
- considering remedy accurately and consistently (to the advice published by the Ombudsman)
- understanding the “service request” distinct from “complaint”

An initial review process will consider how these (and other identified) issues can be mitigated. A formal project plan will be drawn up, using information and advice provided by an Internal Audit and Risk team review of the initial Ombudsman proposals. At the present time the Council lacks corporate information on complaints, other than at current level 3. The newly defined “stage 1” complaint and the statistical information will be collectable, and available for corporate reporting.

2. New Corporate Customer Standard Statement

As part of the new refresh of the complaints process, it is intended to propose a new Customer Standards statement which will again affirm the Council’s commitment to providing accurate, helpful, and timely advice and information to residents.

The previous Customer Standard was withdrawn around 2011. At that time there was a considerable level of service change, and it was difficult to predict service performance. This was a prescriptive document which set out specific deadlines for service response etc. These deadlines were difficult to quantify and achieve given the different number of services and different levels of complexity etc. to accommodate.

Subsequently, work was undertaken on a “customer promise” which focussed more on our standard of service delivery, and ensuring staff were as helpful to the public as possible. This had an internal launch and set the tone for service delivery at the time. However, it was not formally published as a public document.

The complaints code (when introduced) can append to this Customer Standard Statement.

Discussion has taken place with the Customer Expectations project and front-line services to make sure the standard matches the front-line processes.

3. Complaints reporting and performance monitoring

Corporate performance monitoring by the Corporate Complaints team is mainly focussed upon (current) third stage complaint handling and comparing Kirklees performance for complaints taken to the Ombudsman against similar councils. Here the Council consistently performs better than average.

Second Stage (service review) has always been left as a function for Services to report on as they feel appropriate. There is no consistent corporate collection process. There is no universal complaints data base collecting data in Kirklees (conversely there is also no time-consuming double entry data collection process either).

The Corporate Team and the Data Insight and Enablement Lead have sought to determine what might constitute meaningful and achievable monitoring statistics.

In particular, some measures of learning from complaints at service level, and perhaps measuring the proportion of complaints which progress to the next complaints stage would give an indication of the success of the complaints process at service level.

More work to obtain corporate oversight of other complaint processes (such as those complaints which progress to the Housing Ombudsman, and those subject to the Statutory Complaints Process) is also required. Initially, it is planned to obtain regular feedback with these services to identify complaint issues and learning, which would seem to offer a good way to start building up a corporate picture of performance and challenges in these areas.

4. Ombudsman Complaints 2023 - 24 – initial findings

Kirklees did not receive a formal Ombudsman report in 2023-24. The last formal Ombudsman report against Kirklees Council was published in September 2018.

The Ombudsman shares details of every complaint decision for every council on its website and they are published approximately 6 weeks after the decision was made. This enables early comparison between West Yorkshire Councils.

As Kirklees' Council population makes up just over 19% of the West Yorkshire total, a helpful benchmark can be established. Between April 1st – March 31st (12 months), the following figures were obtained.

Number of complaints formally investigated by the Local Government Ombudsman – 01.04.2023 – 31.03.2024 inclusive.

Council Area	**Number investigated (%)**	**Number Upheld (%)**	**% Upheld**
Kirklees	50 (14.6% of West Yorkshire)	13 (12.7% of West Yorkshire)	26
Bradford	92	20	21.7
Calderdale	43	19	44.2
Leeds	119	42	35.3
Wakefield	38	8	21
Totals	342	102	29.8

The complaints that were upheld by the Ombudsman in Kirklees cover different areas and so no particular pattern could be identified. These will be reported in full as part of the annual report in late summer.

Kirklees once again received significantly fewer complaints than might have been anticipated by population, and the percentage upheld by population is lower still. Last year, further analysis took place with South Yorkshire and Manchester Councils, and this offered further assurance that Kirklees receives fewer complaints per head of population than might be expected.

The percentage upheld show Kirklees better than average, but higher than Bradford and Wakefield. Given the small number of complaints in the sample, the difference between Kirklees and the highest performer is 2 upheld cases in the year. While Bradford has a larger number of investigated cases overall, Wakefield does have better complaints performance.

5. Third Stage Complaints 2023- 4

There was an increase in the number of third stage complaints received in 2023/4, following a considerable downturn in 2022/3 compared with previous years. Numbers are back at longer term trends.

Number of Third Stage Complaints – Kirklees Council 2017 - 2024

Financial Year	Number
2017-18	82
2018-19	88
2019-20	71
2020-21	72
2021-22	83
2022-23	56
2023-24	81

The numbers being considered is across the wide range of activity, and individual service numbers are small, such that few obvious patterns are discerned from the complaints handled. It is also the case that a small number of "hard to please" complainants may have a disproportionate impact on numbers.

Two service areas Waste Collection (14) and Special Educational Needs (SEND) (16) accounted for 30 (37%) of the number of third stage complaints this year.

Both have reported some issues. Waste with issues around functionality of vehicles, changes to rounds and IT issues with assisted collections. Performance has settled in 2024/5. SEND are working through a backlog of cases caused through a national shortage of Education Psychologists (assessments needed to complete the educational support plan) and a significant upswing in the annual numbers of support plans and reviews both needed and physically being issued. The percentage of complaints upheld at service and corporate level have also increased for these services.

The reported reduction in budgets and services does not appear to feed through to the complaints process as yet. Anecdotally some residents believe the outcome of their complaint would have been different prior to the budget issues and so are presenting complaints on this basis, although there is little evidence this is feeding through to maladministration or error being reported by the Ombudsman. Further monitoring will take place as we move through 2024.

It should be noted that the customer standards team also spend time dealing with repeat complaints, offering advice to services on complaints handling, coordinating whistleblowing contacts, and co-ordinating complaints and advising residents of the complaint's procedure.

6 Learning from complaints – practical examples

Every complaint has an element of learning, although often the learning is around keeping the resident well informed on progress and setting expectation of outcomes, or around timeliness of response.

It would be surprising if we were to find many learning points at corporate review which alters fundamental service policy or where we find process does not reflect legislation. A well run and managed organisation should in every case introduce processes which reflect legislation and local policy. Furthermore, the initial stages of the complaints process which are considered by the service should capture most emerging issues.

Likewise, the complaints process does not take account of the other ongoing matters an officer or service is dealing with concurrently. An officer may know perfectly well that an acknowledgement should be sent, or a matter dealt with promptly, but circumstance may have prevented them from doing so. So, while there may be recommendations and learning in this area, and feedback to the service to be offered, it may be a point that is well known and one that is ordinarily actioned.

This all means that the recorded learning for third stage reviews is often routine, and it is only occasionally that a fundamental service change emerges that was previously unknown.

The nature of identifying only routine outcomes give an indication of a robust management and change process with services. The Local Government Ombudsman review process additionally serves as an external check on the robustness of the complaints process, and that the complaints review has generally identified the right things. Therefore, this can offer some further anecdotal confidence that the complaints process is robust, and major issues are identified quickly.

In all cases where error has been identified, the resident has been offered an apology and in formulating the reply, some consideration to how the Ombudsman might respond to the complaint was undertaken.

Some learning examples identified through the third stage complaints process in 2023/4 are described below. This is intended to offer a spread of examples rather than be definitive. Further examples from learning, which moved onto the Local Government Ombudsman will be outlined in the full report.

Communication

1. An elderly person had a period of “short-term” care after leaving hospital while home care support was being arranged. The standard process is for the focus to be upon the care being arranged. In this case, “short-term” meant the individual was in care for some months, and a considerable chargeable bill accrued, about which the person and their family had not been formally notified. It was agreed that the service should review “short term” care arrangements to make sure residents are aware they will be billed if the arrangements remain in place for some time. It was also identified there may be merit in recording more telephone calls, to evidence the enquiries a resident raises and advice they receive, should later dispute arise.

2. A complaint about the withdrawal of a service from a supported living scheme identified that the consultation process had not fully taken account of the time it might take for residents to obtain help and support to be able to express their views. The consultation process was amended to take account of the needs of the people most affected.

3. Due to a service reorganisation, there were multiple issues experienced with regard to the waste service, and whilst many issues were managed effectively, the complaints team were not able to respond to all enquiries received. Some complaints were not able to be monitored to help to ensure further collections were not disrupted. This led to considerable frustration for some residents. The waste complaints team, who manage complaints about waste collection and liaise with the waste teams are valuable as they ensured cases were successfully resolved in most cases.

Record keeping

4. There is a specific liaison point within Special Educational Needs to help understand ongoing issues and developments as the service progress through their plans to improve service delivery. The dedicated contact should enable minimised response times for residents who may be particularly frustrated with their complaint issues.

   Over the year, areas for improvement have been identified, including, for example, ensuring all records are stored and maintained on core systems, residents provided with realistic timescales to assist with their expectations on progress, ensuring schools report on those pupils who have stopped attending, and that monitoring of ongoing cases to ensure deadlines are tracked. The service is already aware of the need for improvements, but the customer experience helps illustrate the practical issues, and to show the benefits that can be achieved.

5. A complainant attended a council appeal and believed they overhead people talking about details of their case in the corridor outside. They also complained about the accuracy of minutes which suggested they had attended a previous meeting, when in fact they had been asked their opinion on a matter and this information was presented to the meeting. While the discussion in the corridor was unproven, advice was given to the service about ensuring confidentiality, and the accuracy of minute taking to give confidence in the full records.

Timeliness

6. A complaint about delay in handling a footpath modification order (after directions following a government investigation), has resulted in the service agreeing a plan to clear the backlog of such cases. Progress in this area is slow (and often involves consultation and information gathering), and the complaint has been helpful in raising the spotlight on these cases. Bi-monthly corporate monitoring now take place to discuss progress.

Staff Training

7. A complaint highlighted a little used council tax exemption which relates to repossessed properties, but where the service had continued to bill the resident. Information reminding staff of the exemption was shared.

8. A resident contacted the council to explain they would be late with their council tax payment. Unfortunately, a wrong hold was placed onto the computer system and the resident became upset to receive repeated reminder bills and to have to check again with the council. The customer service team identified the error and shared an update to their whole team to remind them of the correct process to use.

9. In respect of a resident who was near homeless, it was agreed it was better they remain in their existing home (which they preferred), rather than be classified as “homeless” and qualifying for temporary accommodation. The decision enabled the resident more opportunity to find suitable new accommodation and reduced potential for disruption for the family. However, it also affected their priority banding for rehousing for a period and did not meet with the council’s published policy. The issue was raised with the team.

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Kirklees COUNCIL

Report title: Annual Report on Treasury Management 2023/24

Meeting:	**Corporate Governance and Audit Committee**
Date:	**28 June 2024**
Cabinet Member (if applicable)	**Leader of the Council.**
Key Decision **Eligible for Call In**	**Yes**
Purpose of Report Financial Procedure Rules (Section 9.5) require that the Council receives an annual report on Treasury Management activities for the previous financial year. The report to this committee reviews borrowing and investment performance before it is considered by Cabinet and Council	
Recommendation and Reasons Corporate Governance and Audit Committee are asked to note the treasury management performance in 2023/24 as set out in this report, prior to its submission to Cabinet and Council.	
Resource Implications: There are no additional resource implications required as part of this report as it relates to Treasury Management activities undertaken in 23/24.	
Date signed off by Strategic Director & name **Is it also signed off by the Service Director for Finance?** **Is it also signed off by the Service Director for Legal Governance and Commissioning?**	**N/A** **Kevin Mulvaney – 13/6/2024** **Sam Lawton – 19/06/2024**

Electoral wards affected: N/A

Ward Councillors consulted: N/A

Public or private: Public

Have you considered GDPR: Yes – there is no personal data within the budget details and calculations set out in this report and accompanying Appendices

1. Summary

1.1 The Council's treasury management operation for the year has followed the strategy approved by Council on 8 March 2023 (see paragraph 2.1.4 below).

1.2 The treasury management budget underspent by £6.1m against a budget of £21.9m. The variations in the budget are summarised below:-

	Budget (£m)	Actual (£m)	Variation (£m)
Interest payable	16.6	18.9	2.3
Investment income	(1.0)	(3.3)	(2.3)
MRP net of fees*	6.3	0.2	(6.1)
Total	**21.9**	**15.8**	**(6.1)**

During the year interest costs increased due to rising interest rates, and the amount and timing of borrowing compared to budget assumptions. The increased interest costs have been offset by gains on investment income along with slippage in the capital plan.

1.3 The Council complied with its treasury management prudential indicators in the year (see Appendix 5).

1.4 Investments averaged £59.9 million and were largely deposited in instant access accounts earning an average interest rate of 5.26%.

1.5 Total external borrowing at 31 March 2024 increased by £93.5 million to £707.3 million (£613.8 million as at 31 March 2023). The Council took £190.0 million new Government long term loans from the Public Works Loan Board (PWLB) (see paragraph 2.6.4 for more detail) and an additional £10.0 million Local Authority medium term 2-to-3-year loans (see paragraph 2.6.5 for more detail).

1.6 The large increase in long term loans was a result of borrowing for the capital plan, re-financing existing borrowing maturing during the year and a reduction in reserves.

1.7 The Council converted temporary borrowing into fixed rate loans which accounts for 95.19% of total long-term debt (see paragraph 2.6.6) giving the Council stability in its interest costs and minimising exposure to fluctuating short term rates.

1.10 During 2023/24 an external review of MRP identified an overprovision of £34.2m in total, allowing for a further in-year unwind of £6.3 million resulting in zero MRP charged to revenue in year. The £0.2m in the table at 1.2 relates to fees incurred.

2 Information required to take a decision

2.1 Introduction

2.1.1 The Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve, as a minimum, treasury management semi-annual and annual outturn reports. The Council operates its treasury management service in compliance with this Code and various statutory requirements.

2.1.2 This report includes the requirement in the 2021 Code, mandatory from 1st April 2023, of reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal revenue and capital monitoring report.

2.1.3 Financial Procedure Rules require that the Council receives an annual report on Treasury Management activities for the year. Cabinet is responsible for the implementation and monitoring of the treasury management policies. Corporate Governance and Audit Committee undertake a scrutiny role with regard to treasury management.

2.1.4 The Council's treasury management strategy for 2023/24 was approved at a meeting on 8 March 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy and that borrowing is undertaken on a prudent, affordable and balanced basis.

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2.2 The Economy and Interest Rates

2.2.1 The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may somewhat recover in 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.

2.2.2 UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in March but was still above the Bank of England's 2% target at the end of the period. The core measure of CPI, i.e. excluding food and energy, also slowed in February to 4.5% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months. In the February 2024 Monetary Policy Report (MPR) the Bank's expectations for the UK economy were positive for the first half of 2024, with a recovery from the mild recession in the second half of 2023 being gradual. Headline CPI was forecast to dip below the 2% target quicker than previously thought due to declining energy prices, these effects would hold inflation slightly above target for much of the forecast horizon.

2.2.3 Labour market data provided a mixed message for policymakers. Employment and vacancies declined, and unemployment rose to 4.3% (3mth/year) in July 2023. The same month saw the highest annual growth rate of 8.5% for total pay (including bonuses) and 7.8% for regular pay growth (excluding bonuses). Thereafter, unemployment began to decline, falling to 3.9% (3mth/year) in January and pay growth also edged lower to 5.6% for total pay and 6.1% for regular pay, but remained above the Bank of England's forecast.

2.2.4 Having started the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March MPC meeting was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%.

2.2.5 Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term. Following this MPC meeting, Arlingclose, the Council's treasury adviser, maintained its central view that 5.25% remains the peak in Bank Rate and that interest rates will most likely start to be cut later in the second half of 2024. The risks in the short-term are deemed to be to the downside as a rate cut may come sooner than expected, but then more broadly balanced over the medium term.

2.2.6 Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to rising inflation. From October they started declining again before falling sharply in December as falling inflation and dovish central bank attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started. Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then dropping to 3.44% in late December 2023 and rising again to 3.92% (28 March 2024). The Sterling Overnight Rate (SONIA) averaged 4.96% over the period to 31st March.

2.3 Local Context

2.3.1 On 31 March 2024, the Council had net borrowing of £668.2 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance sheet summary

	2022/23 £m actual	2023/24 £m actual
General Fund CFR - Non PFI	617.0	663.2
PFI	35.5	33.6
HRA CFR - Non PFI	168.0	163.7
PFI	42.7	40.6
Total CFR	**863.2**	**901.1**
Less: PFI debt liabilities	78.2	74.2
: Other deferred liabilities	3.5	3.4
Borrowing CFR	**781.5**	**823.5**
Less external borrowing *	613.8	707.3
Internal (over) borrowing	167.7	116.2
Total borrowing (investments)	**781.5**	**823.5**
Less: Balance sheet resources	210.6	155.3
Net borrowing (investments)	**570.9**	**668.2**
Investments	44.0	39.1

* shows only loans to which the Council is committed

2.3.2 The treasury management position at 31 March 2024 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.03.23 Balance £m	Movement £m	31.03.24 Balance £m	31.03.24 Weighted Average Rate %	31.03.24 Weighted Maturity Years
Long-term borrowing					
PWLB	379.0	171.4	550.4	4.21	14.96
LOBOs**	61.5	-30.6	30.9	4.36	0.32
Loan stock (fixed rate)	7.0	0.0	7.0	11.60	7.67
Other LT loans (fixed rate)	40.0	0.0	40.0	3.88	39.17
Other MT loans (fixed rate)	44.3	-6.7	37.6	3.07	1.46
Short-term borrowing	82.0	-40.6	41.4	3.42	0.42
Total borrowing	**613.8**	**93.5**	**707.3**	**4.19**	**14.05**
Long-term investments	10.0	0.0	10.0	3.62	N/A
Short-term investments	15.0	-15.0	0.0	0.00	N/A
Cash and cash equivalents	19.0	10.1	29.1	5.26	N/A
Total investments	**44.0**	**-4.9**	**39.1**	**4.84**	**N/A**
Net borrowing	**569.8 ***	**98.4**	**668.2**		

* different to table 1 due to trust funds in balance sheet resources in 2023/24
** included in long term due to official maturity dates however option dates used for maturity analysis

2.4 Investment Activity

2.4.1 The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Council's cash flows or treasury risk management activity that ultimately represent balances that need to be invested until the cash is required for use in the course of business.

2.4.2 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

2.4.3 The Council's overall Treasury Management Strategy prioritises security and liquidity of its investments before seeking a higher rate of return. which was adhered to in 2023/24.

2.4.4 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

2.4.5 The Council's treasury management investments totalled £39.1 million as at 31 March 2024 (£44.0 million 31 March 2023). The Council invested an average balance of £59.9 million externally during the year (£61.1 million 2022/23). Interest income of £2.6 million was generated through these investments (£1.0 million 2022/23) and £0.4 million dividend income from the CCLA Property Fund (£0.4 million 2022/23). Appendix 1 shows where investments were held at the beginning of April 2023, the end of September 2023 and the end of March 2024, by counterparty, by sector and by country. The Council's average lending rate for the year was 5.26% (1.92% 2022/23).

2.4.6 The majority of investments were placed in liquid instruments such as instant access bank deposit accounts, DMO (Debt Management Office) and Money Market Funds (MMFs). MMFs offer greater diversification of counterparties, thus lowering risk as well as instant access.

2.4.7 The bank rate increased by 1% over the period from 4.25% at the beginning of the year to 5.25% at the end of March 2024. Short term rates peaked at 5.7% for 3-month rates and 6.7% for 12-month rates during the period, although these rates subsequently began to decline towards the end of the period. Money Market Rates also rose and were between 3.98% at the start and 5.27% at the end of year.

2.4.8 The Council continues to hold £10 million investment in the Local Authorities Pooled Investment Fund (LAPF). The Local Authorities Property Fund was established in 1972 and is managed by CCLA Fund Managers. As at March 2024 there are property assets under management of £1,042 million. The Fund aims to provide investors with regular revenue income and long-term price stability, and it is an actively managed, diversified portfolio of UK commercial property. It principally invests in UK assets but may invest in other assets.

2.4.9 The fund returned a gross dividend yield of 3.60% in 2023/24 (3.09% 2022/23) and net income of £0.4 million was received by the Council in 2023/24 (£0.4 million in 2022/23).

2.4.10 The market background for commercial property improved marginally in 2023 and was more stable, in contrast to the very challenging backdrop of 2022. Low transactional volumes were a constraint on valuations and made prospective sellers and buyers more cautious. Although many sectors lacked momentum, there was growing confidence in the longer-term outlook as occupier demand and rental markets held up. Industrial and retail warehousing sectors remained strong, but the retail and office sectors remained weak, the latter continuing to be hindered by low occupancy from hybrid working practices.

2.4.11 Strategic fund investments are made in the knowledge that capital values will move both up and down over time. Unrealised cumulative capital losses of £1.5 million will not have an impact on the General Fund as the Council is utilising a government statutory override for pooled investment funds. Under the Regulations, gains and losses resulting from unrealised fair value movements, that otherwise must be recognised in the income and expenditure account under IFRS9, are not currently charged to the revenue account, and must be taken into an unusable reserve account.

2.4.12 In April 2023 the Department for Levelling Up, Housing and Communities (DLUHC) published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended until 31st March 2025, but no other changes have been made; whether the override will be extended beyond this date is unknown but commentary to the consultation outcome suggests it will not. The Council will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.

2.5 Borrowing Update

2.5.1 CIPFA's 2021 Prudential Code is clear that Local Authorities must not borrow to invest primarily for financial return and that it is not prudent for Local Authorities to make any investment or spending decision that will increase the Capital Finance Requirement (CFR) and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to buy investment assets primarily for yield unless these loans are for refinancing purposes.

2.5.2 The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in the future.

2.5.3 Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing is also allowed for financing capital expenditure primarily related to the delivery of a Local Authority's function.

2.5.4 Interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. Gilt yields fell in late 2023, reaching lows in December 2023 before rebounding to an extent in the first three months of 2024. Gilt yields have remained volatile, seeing upward pressure from perceived stickier inflation at times and downward pressure from falling inflation and a struggling economy at other times.

2.5.5 On 31st March 2024 the PWLB certainty rates for maturity loans were 4.74% for 10-year loans, 5.18% for 20-year loans and 5.01% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.

2.5.6 The cost of short-term borrowing from other local authorities has generally risen with base rate over the year. Interest rates peaked at around 7% towards the later part of March 2024 as many authorities required cash at the same time. These rates fell back to more normal market levels in April 2024.

2.5.7 A new HRA PWLB rate which is 0.4% below the certainty rate was made available from 15 June 2023. This rate will now be available to June 2025. The discounted rate is to support Local Authorities borrowing for Housing Revenue Accounts for the delivery of social housing and for refinancing existing HRA loans.

2.6 Borrowing Activity

2.6.1 As outlined in the Treasury Strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, known as internal borrowing.

2.6.2 In terms of borrowing, long-term loans maturing greater than one year totalled £641.1 million and short-term loans maturing within 12 months (excluding interest accrued) totalled £66.2 million (£512.8 million and £101.0 million 31 March 2023), an overall increase of £93.5 million. Appendix 2 details repayments of long-term loans during the year and short-term loans outstanding as at 31 March 2024.

2.6.3 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark (see Appendix 5), which also considers usable reserves and working capital. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Having considered the appropriate duration and structure of the borrowing need based on realistic projections, it was decided to take a combination of short-term borrowing and longer-term repayment loans.

2.6.4 The Council borrowed £190.0 million of new long-term Equal Instalment of Principal (EIP) and maturity loans from the PWLB in 2023/24, of which £30.0 million was taken to replace 3 LOBOs (Lender's Option Borrower's Option), see paragraph 2.6.8 below.

	Amount £m	Rate %	Duration	Start date	Maturity date
EIP Loans					
PWLB (643579)	10.0	5.01	18 years	27 Jul 23	27 Jul 41
PWLB (659904)	10.0	5.06	15 years	21 Sep 23	21 Sep 38
PWLB (660447)	10.0	5.08	15 years	22 Sep 23	22 Sep 38
PWLB (661522)	10.0	5.00	14 years	27 Sep 23	27 Sep 37
PWLB (674705)	10.0	5.02	14 years 11 months	13 Nov 23	13 Oct 38
PWLB (677193)	10.0	4.85	15 years	22 Nov 23	22 Nov 38
PWLB (680811)	20.0	4.83	12 years	6 Dec 23	6 Dec 35
PWLB (685435)	20.0	4.59	13 years	20 Dec 23	20 Dec 36
PWLB (685834)	20.0	4.37	13 years	21 Dec 23	21 Dec 36
PWLB (711011)	10.0	5.42	2 years 1 month	13 Mar 24	13 Apr 26
PWLB (711013)	10.0	4.75	13 years	13 Mar 24	13 Mar 37
PWLB (712740)	10.0	4.59	14 years	19 Mar 24	19 Mar 38
PWLB (713074)	10.0	4.64	14 years	20 Mar 24	20 Mar 38
Maturity Loans					
PWLB (673622)	10.0	5.05	5 years 7 months	9 Nov 23	9 Jun 29
PWLB (675743)	10.0	4.94	5 years 1 month	16 Nov 23	16 Dec 28
PWLB (678066)	10.0	4.81	4 years 1 month	24 Nov 23	24 Dec 27
Total	**190.0**				

An EIP loan pays back principal over the life of the loan, and the interest associated with the loan goes down as the principal outstanding reduces.

2.6.5 As the bank base rate continued to rise during the period along with PWLB rates, the Council took advantage of a limited amount of medium-term loans over a 2-to-3-year time frame, achieving slightly lower interest rates for the period compared to the PWLB. The table below shows £10.0 million of new loans taken during 2023/24, there are further 3-year loans totalling £25.0 million taken in 2022/23 still outstanding at 31 March 2024.

	Amount £m	Rate %	Start date	Maturity date
South Yorkshire Mayoral Combined Authority	5.0	5.40	17 Nov 23	17 Nov 25
Oxfordshire County Council	5.0	5.00	22 Feb 24	22 Jan 27
Total	**10.0**			

2.6.6 Fixed rate loans account for 95.19% of total long-term debt (see also Appendix 5) giving the Council stability in its interest costs. The maturity profile for all long-term loans is shown in Appendix 3 and shows that no more than 8.36% of all debt is due to be repaid in any one year. This is good practice as it reduces the Council's exposure to a substantial borrowing requirement in any one particular future year, when interest rates might be at a relatively high level.

2.6.7 The primary source of the Council's borrowing is from the Governments PWLB representing 82.66% of total external borrowing.

2.6.8 The Council repaid £30.6 million of LOBO loans in 2023/24 and continues to hold £30.9 million of LOBO loans which represents 4.63% of total external borrowing. LOBO loans are where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. Three banks exercised their option to propose an increase in the interest rates during the year hence these loans were repaid. As mentioned in paragraph 2.6.4, these LOBO's were replaced with PWLB loans.

2.6.9 In terms of debt rescheduling, the premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity in 2023/24.

2.6.10 The average long-term borrowing rate for 2023/24 for the Council's long-term loans outstanding was 4.07% (3.67% 2022/23).

2.7 Trends in Treasury Management Activity

2.7.1 Appendix 4 shows the Council's borrowing and investment trends over the last 6 years. This highlights the current trend of borrowing shorter and longer term to fund cashflow.

2.8 Risk and Compliance Issues

2.8.1 The Council reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy, including the prudential indicators. Details can be found in Appendix 5. Indicators relating to affordability and prudence are highlighted in this appendix.

2.8.2 When the Council has received unexpected monies late in the day, officers have no alternative but to put the monies into the Barclays Business Reserve Account overnight. The largest daily amount deposited in this account overnight as a result of unexpected late receipts was £3.7 million. Whilst this is not an ideal situation, the Council is still within investment limits as per the Treasury Management Strategy which is set at £10.0 million per counterparty.

2.8.3 In line with Council Treasury Management Strategy, the Council has not placed any direct investments in companies as defined by the Carbon Underground 200.

2.8.4 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of the Council's consultants (Arlingclose), has proactively managed the debt and investments over the year.

2.8.5 The CIPFA Code of Practice requires that treasury management performance be subject to regular member scrutiny. The Corporate Governance and Audit Committee performs this role and members have received reports on strategy, half yearly monitoring and now the outturn for the year 2023/24. Training was provided to Members in January 2024.

Looking Ahead – Treasury Management Developments in 2024/25

2.9 Re-financing/re-payment of current Long-Term Borrowing

2.9.1 As outlined within the Council approved Treasury Management Strategy 2024/25, the Council will continue to look to repay existing long-term debt when the opportunity arises where it becomes beneficial for the Council to do so.

2.9.2 Council officers will liaise with the Council's external Treasury Management advisors, Arlingclose, to review lender options, and proceed if they are considered to be in the longer-term best interests of the Council.

2.10 Loan Funding Sources

2.10.1 The Council may be presented with additional sources of long-term funding at certain points in time, beyond those currently listed in the Council's current Treasury Management Strategy. These may be at preferential rates of interest and therefore the Service Director Finance (Section 151 Officer) will look to maximise the use of source funds when it is preferential to do so.

2.11 Investment Opportunities

2.11.1 The Service Director Finance, supports the approach that the borrowing and investment strategy for 2024/25 continues to place emphasis on the security and liquidity of the Council's balances.

2.11.2 The investment in the CCLA property fund (see paragraphs 2.4.5 to 2.4.9) is part of a longer-term investment strategy to mitigate against any short-term market volatility or risk. As this fund has no defined maturity date its performance and continued suitability in meeting the Council's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a longer period total returns will exceed cash interest rates.

2.12 New Borrowing

2.12.1 As mentioned previously, the Council has an increasing CFR due to the capital programme. The Council's current approach to fund the capital plan is to use a combination of short and longer-term borrowing. Unfortunately borrowing rates remain high and are likely to stay high in the near term. As short and medium-term rates remain slightly lower over a shorter time frame compared to longer-term, the Council will continue to borrow this way to minimise borrowing costs, although resulting in a higher proportion of debt that is not fixed over longer periods.

2.12.2 The base rate is expected to fall slightly in 2024/25. Long-term PWLB loans will be taken if gilt yields drop and the opportunity to take those fixed rate loans are presented.

2.12.3 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing will be maintained considering the appropriate duration and structure of the borrowing need based on realistic projections, and with ongoing consultation with Arlingclose.

2.12.4 As noted in the 2024/25 Treasury Management Strategy report, the Council will also consider the opportunity to arrange forward starting loans (with alternative lenders as these are not available through the PWLB), where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. Again, this would only be undertaken after having considered the appropriate duration and structure of the borrowing need based on realistic projections, and with ongoing consultation with Arlingclose.

3 Implications for the Council

3.1 Council Plan
N/A

3.2 Financial Implications
Any changes in assumed borrowing and investment requirements, balances and interest rates will be reflected in revenue budget monitoring reports during the year.

3.3 Legal Implications
N/A

3.4 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)
N/A

4 Consultees and their opinions
N/A

5. Engagement
N/A

6. Options
N/A

7. Next steps and timelines
Comments and feedback from CGAC will be incorporated into this report which will be subsequently considered at Cabinet and Council in July 2024 as part of the overall financial outturn and rollover report 2023/24.

8. Contact officer

James Anderson	Head of Accountancy
Rachel Firth	Finance Manager

9. Background Papers and History of Decisions
CIPFA's Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021 edition
CIPFA's Prudential Code for Capital Finance in Local Authorities 2021 edition
Public Works Loan Board Website.
Treasury Management 2023/24 Strategy Report approved by Council on 8 March 2023.

10. Appendices
N/A

11. Service Directors responsible

Kevin Mulvaney	01484 221000
Sam Lawton	01484 221000

APPENDIX 1

Kirklees Council Investments 2023/24										
		Credit Rating Mar 2024*	1 April 2023			30 September 2023			31 March 2024		
Counterparty			£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment
Specified Investments											
Barclays	Bank	F1/A+	0.5	3.65%	Instant Access	0.2	4.65%	Instant Access	0.0	4.65%	Instant Access
Aberdeen Standard	MMF**	AAAmmf	0.2	4.06%	Instant Access	10.0	5.29%	Instant Access	9.8	5.27%	Instant Access
Aviva	MMF**	Aaa-mf	8.3	4.12%	Instant Access	10.0	5.32%	Instant Access	9.9	5.25%	Instant Access
Deutsche	MMF**	AAAmmf	10.0	4.16%	Instant Access	0.0	5.23%	Instant Access	9.4	5.25%	Instant Access
Goldman Sachs	MMF**	AAAmmf	0.0	4.01%	Instant Access	1.2	5.22%	Instant Access	0.0	5.14%	Instant Access
PCC for West Yorkshire	Local Authority		5.0	4.65%	Local Authority	0.0	N/A	Local Authority	0.0	N/A	Local Authority
Northamptonshire Council	Local Authority		5.0	4.50%	Local Authority	0.0	N/A	Local Authority	0.0	N/A	Local Authority
PCC for West Mercia	Local Authority		3.0	4.60%	Local Authority	7.0	5.40%	Local Authority	0.0	N/A	Local Authority
PCC for Warwickshire	Local Authority		2.0	4.60%	Local Authority	0.0	N/A	Local Authority	0.0	N/A	Local Authority
Eastleigh BC	Local Authority		0.0	N/A	Local Authority	3.0	5.40%	Local Authority	0.0	N/A	Local Authority
Uttlesford DC	Local Authority		0.0	N/A	Local Authority	4.5	5.40%	Local Authority	0.0	N/A	Local Authority
Cheltenham BC	Local Authority		0.0	N/A	Local Authority	1.1	5.38%	Local Authority	0.0	N/A	Local Authority
Leeds City Council	Local Authority		0.0	N/A	Local Authority	5.0	5.40%	Local Authority	0.0	N/A	Local Authority
Central Bedfordshire Council	Local Authority		0.0	N/A	Local Authority	5.0	5.35%	Local Authority	0.0	N/A	Local Authority
Dover DC	Local Authority		0.0	N/A	Local Authority	2.0	5.40%	Local Authority	0.0	N/A	Local Authority
Wakefield MDC	Local Authority		0.0	N/A	Local Authority	5.0	5.35%	Local Authority	0.0	N/A	Local Authority
Debt Management Office	Cent Govt		0.0	N/A	Cent Govt	0.0	N/A	Cent Govt	0.0	N/A	Cent Govt
CCLA	Property Fund		10.0	N/A	Property Fund	10.0	N/A	Property Fund	10.0	N/A	Property Fund
			44.0			**64.0**			**39.1**		
Sector Analysis			**£m**	**%age**		**£m**	**%age**		**£m**	**%age**	
Bank			0.5	1%		0.2	0%		0.0	0%	
MMF**			18.5	42%		21.2	33%		29.1	74%	
Local Authorities/Cent Govt			15.0	34%		32.6	51%		0.0	0%	
Property Fund			10.0	23%		10.0	16%		10.0	26%	
			44.0	100%		**64.0**	100%		**39.1**	100%	
Country analysis			**£m**	**%age**		**£m**	**%age**		**£m**	**%age**	
UK			25.5	58%		42.8	67%		10.0	26%	
MMF**			18.5	42%		21.2	33%		29.1	74%	
			44.0	100%		**64.0**	100%		**39.1**	100%	

*Fitch short/long term ratings, except Aviva MMF (highest Moody rating). See next page for key. ** MMF – Money Market Fund. These funds are domiciled in Ireland for tax reasons, but the funds are made up of numerous diverse investments with highly rated banks and other institutions. The credit risk is therefore spread over numerous countries, including the UK. The exception to this is the Aviva Government Liquidity Fund which invests directly in UK government securities and in short-term deposits secured on those securities.

Key – Fitch's credit ratings:

		Long	Short
Investment Grade	Extremely Strong	AAA	F1+
	Very Strong	AA+	
		AA	
		AA-	
	Strong	A+	
		A	F1
		A-	
	Adequate	BBB+	F2
		BBB	
		BBB-	F3
Speculative Grade	Speculative	BB+	B
		BB	
		BB-	
	Very Speculative	B+	
		B	
		B-	
	Vulnerable	CCC+	C
		CCC	
		CCC-	
		CC	
		C	
	Defaulting	D	D

Appendix 2

Long-term loans repaid and short-term loans outstanding 31 March 2024

Long-term loans repaid during 2023/24

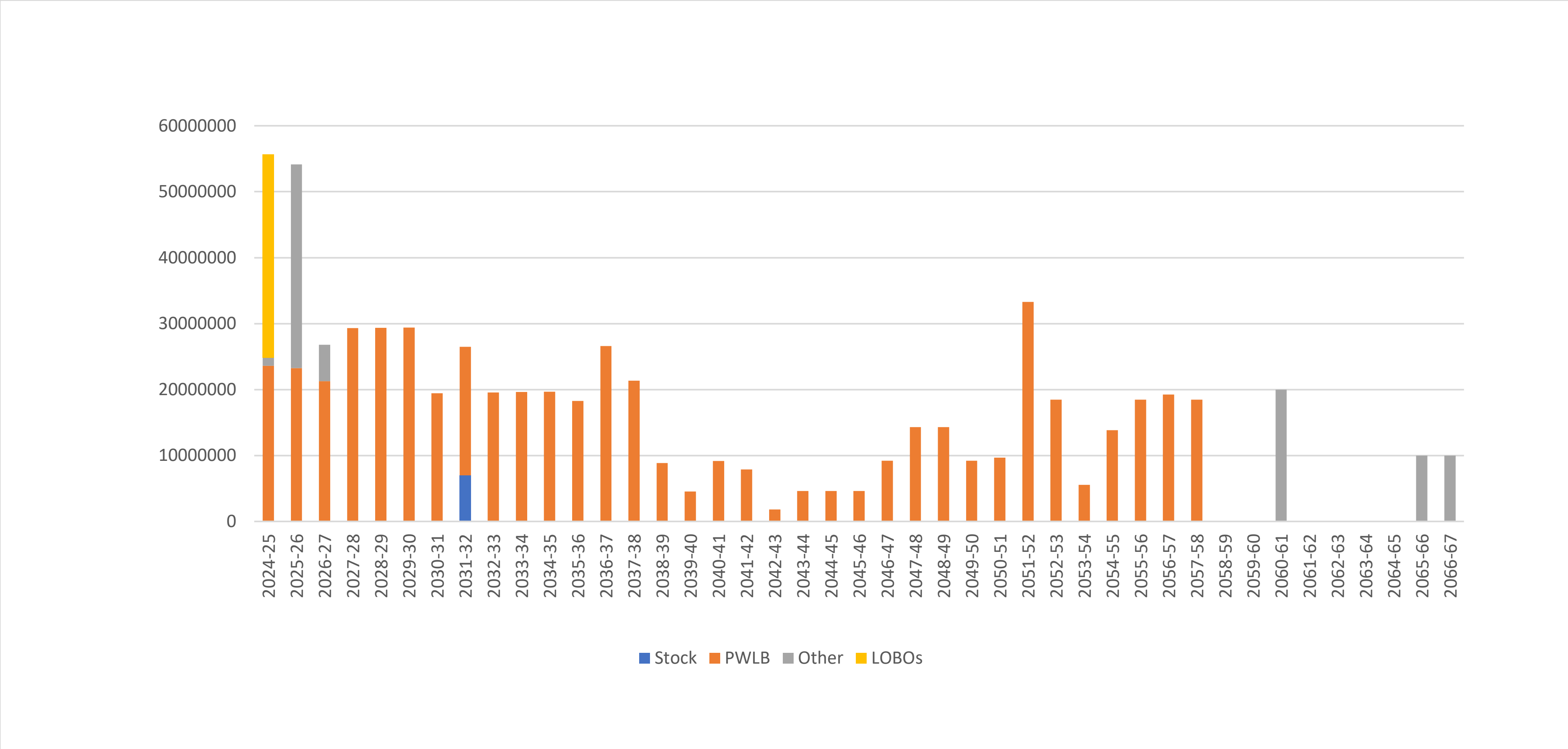
	Amount £000s	Rate %	Date repaid
Repayments on maturity loans			
PWLB (480127)	4,889	6.63	15 Apr 23
PWLB (480128)	4,613	6.63	15 Oct 23
Repayments on annuity loans			
PWLB (496956)	423	4.58	29 Sep 23
Repayments on EIP loans			
PWLB (340221)	250	1.63	27 Apr 23
PWLB (439173)	250	1.66	17 May 23
PWLB (373440)	250	1.46	12 Jul 23
PWLB (594601)	500	4.10	31 Jul 23
PWLB (594848)	536	3.99	1 Aug 23
PWLB (538379)	500	2.60	9 Aug 23
PWLB (487385)	250	2.28	21 Aug 23
PWLB (313112)	250	1.64	4 Sep 23
PWLB (493145)	250	1.98	9 Sep 23
PWLB (608109)	667	4.15	21 Sep 23
PWLB (340221)	250	1.63	27 Oct 23
PWLB (439173)	250	1.66	17 Nov 23
PWLB (373440)	250	1.46	12 Jan 24
PWLB (643579)	278	5.01	29 Jan 24
PWLB (594601)	500	4.10	31 Jan 24
PWLB (594848)	536	3.99	1 Feb 24
PWLB (538379)	500	2.60	9 Feb 24
PWLB (487385)	250	2.28	21 Feb 24
PWLB (313112)	250	1.64	4 Mar 24
PWLB (493145)	250	1.98	9 Mar 24
PWLB (608109)	667	4.15	21 Mar 24
PWLB (659904)	333	5.06	21 Mar 24
PWLB (660447)	333	5.08	22 Mar 24
PWLB (661522)	357	5.00	27 Mar 24
Repayments on LOBO loans			
Bayerische Landesbank (75096)	10,000	4.60	14 Nov 23
Commerzbank (WKN 0BH084)	10,000	5.00	7 Dec 23
Dexia Credit Local (293401)	10,000	4.75	1 Mar 24
Total	**48,632**		

Short-term loans outstanding 31 March 2024

	Amount £000s	Rate %	Length of loan (days)
Short-term borrowing from other Local Authorities			
West Midlands Combined Authority	10,000	3.85	366
West Midlands Combined Authority	5,000	4.50	364
West Midlands Combined Authority	5,000	4.50	366
West Midlands Combined Authority	5,000	4.50	364
Medium-term loans due to mature in the next twelve months			
Vale of White Horse Council	5,000	0.80	1,096
Crawley Borough Council	5,000	0.50	732
Leicester City Council	5,000	0.75	730
Local Lenders/Trust Funds	1,385	5.10	
Total temporary borrowing	**41,385**		
Long-term loans due to mature in the next twelve months	24,826		
Total	**66,211**		

Kirklees Council Loan Maturity Profile (All Debt)

Appendix 3



The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £30.9 million have a potential repayment date during 2024/25.

Appendix 4

Kirklees Council - Borrowing and Investment Trends

At 31 March	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Investments	39.1	44.0	78.9	37.1	52.0	39.1
ST Borrowing (excl interest accrued)	66.2	101.0	26.6	50.0	53.2	11.8
LT Borrowing	641.1	512.8	442.3	375.8	373.7	384.1
Total Borrowing	707.3	613.8	468.9	425.8	426.9	395.9
Net debt position	**668.2**	**569.8**	**390.0**	**388.7**	**374.9**	**356.8**
Capital Financing Requirement (excl PFI)						
General Fund	663.2	617.0	556.1	500.1	461.6	436.6
HRA	163.7	168.0	166.0	170.3	175.3	175.3
Total CFR	**826.9**	**785.0**	**722.1**	**670.4**	**636.9**	**611.9**
Less deferred liabilities (non PFI)	3.4	3.5	3.6	3.6	3.7	3.9
Borrowing CFR	**823.5**	**781.5**	**718.5**	**666.8**	**633.2**	**608.0**
Balances "internally invested"	116.2	167.7	249.6	241.0	206.3	212.1
Ave Kirklees' investment rate for financial year	5.3%	1.9%	0.1%	0.1%	0.7%	0.7%
Ave Base rate (Bank of England)	5.0%	2.3%	0.2%	0.1%	0.7%	0.7%
Ave LT Borrowing rate (1)	5.1%	3.8%	1.9%	2.3%	2.4%	2.5%

(1) Based on average PWLB rate throughout the year on a 25 to 30 year loan (less 0.2% PWLB certainty rate) repayable on maturity.

Appendix 5

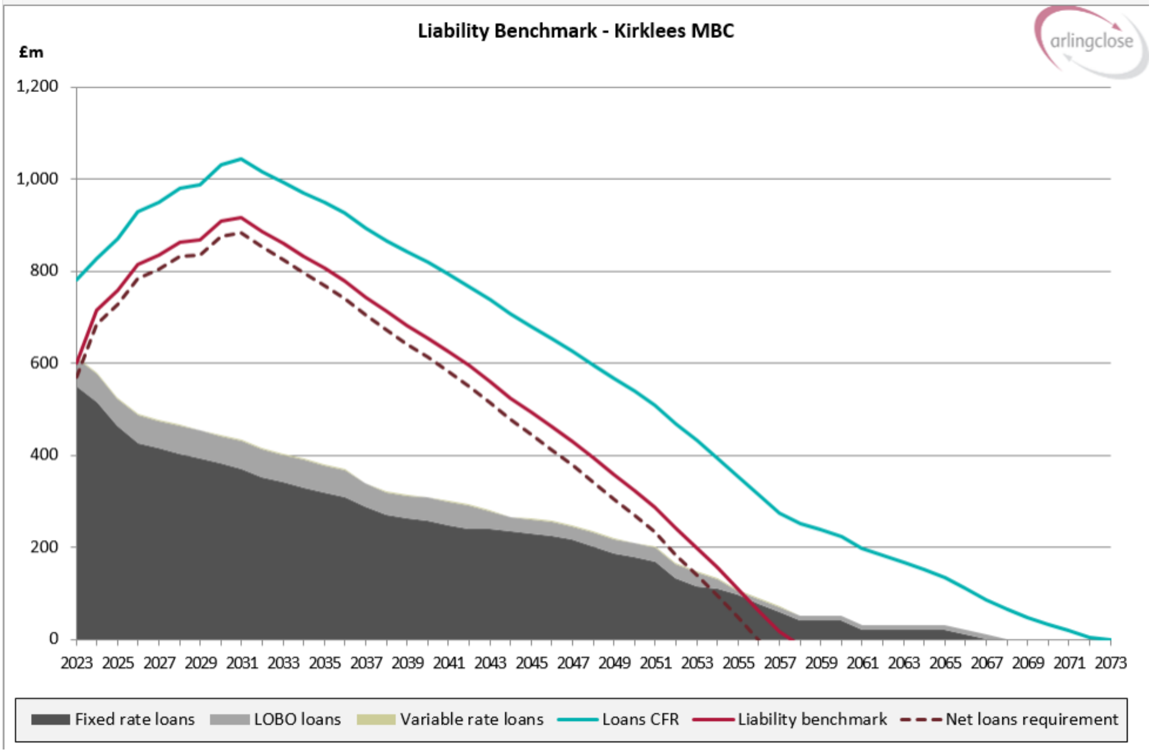
Treasury Management Prudential Indicators

Liability Benchmark

This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £30.0 million required to manage day-to-day cash flow.

	31.03.23 actual £m	31.03.24 actual £m	31.03.25 forecast £m	31.03.26 forecast £m
Loans CFR	**781.5**	**823.5**	**872.6**	**942.9**
Less: Balance sheet resources	210.6	155.3	144.0	144.0
Net loans requirement	**570.9**	**668.2**	**728.6**	**798.9**
Plus: Liquidity allowance	30.0	30.0	30.0	30.0
Liability benchmark	**600.9**	**698.2**	**758.6**	**828.9**
Existing borrowing	**613.8**	**707.3**	**653.7**	**594.6**

Following on from the medium-term forecast above, the long-term liability benchmark for 2023/24 includes capital expenditure funded by borrowing of £67.0 million, minimum revenue provision on new building capital expenditure based on a 50-year asset life and reduction in Balance sheet resources of £55.0 million.



The total liability benchmark is shown in the chart above together with the maturity profile of the Council's existing borrowing. The red line is the liability benchmark reaching a peak in 2032 highlighting the gap between current borrowing identified in grey, which is reducing over time with repayments, and the additional borrowing required to fund the capital plan.

Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper limit	Lower limit	31.03.24 actual	Complied
Under 12 months	20%	0%	4%	Yes
12 months and within 24 months	20%	0%	5%	Yes
24 months and within 5 years	60%	0%	11%	Yes
5 years and within 10 years	80%	0%	11%	Yes
10 years and above	100%	20%	69%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £30.9 million have a potential repayment date during 2024/25 and have been included in the under 12 months line.

Long term Treasury Management Investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	n/a	n/a	n/a	n/a
Actual principal invested beyond year end	£10.0m	£10.0m	£10.0m	£10.0m
Complied	Yes	Yes	Yes	Yes

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

<u>Interest Rate Exposures</u>

Bank Base Rate rose by 1.00% during the year from 4.25% on 1st April 2023 to 5.25% on 31 March 2024.
For context, the changes in interest rates during the quarter were:

	31.03.23	**31.03.24**
Bank Rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.36%
5-year PWLB certainty rate, maturity loans	4.31%	4.68%
10-year PWLB certainty rate, maturity loans	4.33%	4.74%
20-year PWLB certainty rate, maturity loans	4.70%	5.18%
50-year PWLB certainty rate, maturity loans	4.41%	5.01%

While fixed rate borrowing can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance justifies retaining a degree of flexibility through the use of variable interest rates on at least part of the treasury management portfolio. The Prudential Code requires the setting of upper limits for both variable rate and fixed interest rate exposure:

	Limit Set 2023/24	**Actual 2023/24**
Interest at fixed rates as a percentage of net interest payments	60% - 100%	95%
Interest at variable rates as a percentage of net interest payments	0% - 40%	5%

The interest payments were within the limits set.

Appendix 6

Glossary of Treasury Terms

Authorised Limit	The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh authorities) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Authority and needs to be consistent with the Authority's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the *Operational Boundary* to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit.
Annuity	Method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
Balances and Reserves	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.
Basis Point	1/100th of 1%, i.e. 0.01%
Bill	A certificate of short-term debt issued by a company, government or other institution, tradable on the financial market
Bond	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of capital assets.
Capital Financing Requirement (CFR)	The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Capital growth	Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund).
Capital receipts	Money obtained on the sale of a capital asset.
Certainty Rate	The government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLB) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.
CIPFA	Chartered Institute of Public Finance and Accountancy.
Collective Investment Schemes	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes/pooled funds.
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Corporate Bond Funds	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
CPI ***Also see RPI***	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)
Cost of carry	When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim.
Counterparty List	List of approved financial institutions with which the Council can place investments.

Credit Default Swap (CDS)	A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading.
Credit Rating	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.
Debt Management Office (DMO)	The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Fund (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.
Diversification / diversified exposure	The spreading of investments among different types of assets or between markets in order to reduce risk.
Derivatives	Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'.
ECB	European Central Bank
Fair Value	Fair value is defined as a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. Many investments have a fair value determined by a market where the security is traded.
Federal Reserve	The US central bank. (Often referred to as "the Fed")
Floating Rate Notes	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting.
GDP	Gross domestic product – also termed as "growth" in the economy. The value of the national aggregate production of goods and services in the economy.
General Fund	This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the Housing Revenue Account).
Gilts (UK Govt)	Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
Housing Revenue Account (HRA)	A ring-fenced account of all housing income and expenditure, required by statute.
IFRS	International Financial Reporting Standards.
Income Distribution	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend'.
Local Authority Property Fund (LAPF)	A pooled property collective investment scheme for Churches, Charities and Local Authorities. (see Collective Investment Scheme).
Liability Benchmark	Term in CIPFA's Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero).
LOBOs	LOBO stands for 'Lender's Option Borrower's Option'. The underlying loan facility is typically long term and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.
Maturity	The date when an investment or borrowing is repaid.
Maturity profile	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.

MiFID II	MiFID II replaced the Markets in Financial Instruments Directive (MiFID I) from 3 January 2018. It is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Minimum Revenue Provision (MRP)	An annual provision that the Authority is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.
Money Market Funds (MMF)	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.
Net Asset Value (NAV)	A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.
Operational Boundary	This is the limit set by the Authority as its most likely, i.e. prudent, estimate level of external debt, but not the worst case scenario. This limit links directly to the Authority's plans for capital expenditure, the estimates of the Capital Financing Requirement (CFR) and the estimate of cashflow requirements for the year.
Pooled funds	See Collective Investment Schemes (above).
Premiums and Discounts	In the context of local authority borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date. If on a £1 million loan, it is calculated* that a £100,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,100,000 plus accrued interest. If on a £1 million loan, it is calculated that a £100,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £900,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate. *The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.
Private Finance Initiative (PFI)	Private Finance Initiative (PFI) provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public authority.
Investment Property	Property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.
Prudential Code	Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
Prudential Indicators	Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators between authorities.
PWLB	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
Revenue Expenditure	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.
Risk	**Credit and counterparty risk** The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital, project or partnership financing,

	particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. **Liquidity risk** The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised. **Refinancing risk** The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time. **Interest Rate risk** The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. **Legal risk** The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly. **Operational risk** The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk. **Market Risk** The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.
RPI	Retail Prices Index. A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the CPI index.
SORP	Statement of Recommended Practice for Accounting (Code of Practice on Local Authority Accounting in the United Kingdom).
Specified Investments	Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local authorities and bodies that have a high credit rating.
Supported Borrowing	Borrowing for which the costs are supported by the government or third party.
Temporary Borrowing	Borrowing to cover peaks and troughs of cash flow, not to fund spending.
Term Deposits	Deposits of cash with terms attached relating to maturity and rate of return (interest).
Treasury (T) -Bills	Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have a AAA-rating.
Treasury Management Code	CIPFA's Code of Practice for Treasury Management in the Public Services. The current Code is the edition released in 2021.
Treasury Management Practices (TMP)	Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.
Unsupported Borrowing	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
Usable Reserves	Resources available to finance future revenue and capital expenditure.

Variable Net Asset Value (VNAV)	A term used in relation to the valuation of 1 share in a fund. This means that the net asset value (NAV) of these funds is calculated daily based on market prices.
Working Capital	Timing differences between income/expenditure and receipts/payments
Yield	The measure of the return on an investment instrument.

Report title: Draft Annual Governance Statement 2023/24

Meeting	**Corporate Governance & Audit Committee**
Date	**28 June 2024**
Cabinet Member	**Cllr. Cathy Scott**
Key Decision **Eligible for Call In**	**Not Applicable** **Not Applicable**
Purpose of Report To provide the Committee with details of the latest version of the Statement for information and comment prior to formal approval in conjunction with the Annual Accounts later in the year.	
Recommendation To note the Draft Statement	
Resource Implication: None directly.	
Date signed off by Strategic Director & name **Is it also signed off by the Service Director for Finance?** **Is it also signed off by the Service Director for Legal Governance and Commissioning?**	Rachel Spencer Henshall - 18 June 2024 Kevin Mulvaney - 18 June 2024 Samantha Lawton - 18 June 2024

Electoral wards affected: All

Ward councillors consulted: Not applicable.

Public or private: Public.

Has GDPR been considered? Yes.

1. Executive Summary

1.1 The Committee is asked to note the latest version of the Draft 2023/24 Annual Governance Statement, prior to it being signed off by the Chief Executive and Leader of the Council, which concludes that overall, the governance arrangements remain fit for purpose and to consider whether the issues raised reflect the state of the governance and control framework during 2023/24.

1.2 As the Statement covers the period up until the Annual Financial Accounts 2023/24 are approved, there may be need for revisions to be made in the text to reflect findings from the external audit and anything else material in the intervening period.

1.3 The Statement is a statutory requirement and accompanies the Statement of Accounts in order to provide readers with assurance about the governance and internal control environment in which they have been compiled and to which they relate.

1.4 The draft Statement has been compiled following the annual review of the effectiveness of the overall internal control and governance arrangements and draws on a number of forms of assurance which have been presented to various parts of the Council during the year, including many to this Committee (e.g. annual activity reports), being principally the Annual Report of Internal Audit, reports by the external auditor, Monitoring Officer and from the performance management framework.

1.5 The draft Statement highlights a number of what are termed ‘Significant Governance Issues’. Several of the Issues from the 2022/23 Statement are brought forward in one guise or another, reflecting the wide-ranging nature of the issues and action required. Consideration has been given to a number of potential new Issues and three have been incorporated.

1.6 The actions and controls the Council is taking are contained within a recommended Action Plan. Since the final Statement will not be agreed until later this year, subject to the approval of this draft by this Committee, it is intended that the draft Action Plan will be the subject of internal monitoring, with reporting back to Executive Leadership Team and this Committee during the remainder of 2024/25. Any amendments made to the final version will be reflected in monitoring work should there be sufficient time to progress the action during the year.

2. Information required to take a decision

2.1 The detail is contained within the draft Statement.

3. Implications for the Council

3.1 Council Plan

The detail is contained within the Draft Statement.

3.2 Financial Implications

None directly.

3.3 Legal Implications

None directly.

3.4 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

Although each of the sub categorisations above suggest no direct implications, the annual review of the effectiveness of the internal control and governance arrangements covers all aspects of the Council’s operations, including elements of the above, either specifically, indirectly or on a commissioned basis.

4 Consultation

4.1 The Chief Executive, Strategic Directors, Service Director Legal, Governance & Commissioning, Service Director Finance, Service Director Strategy & Innovation, Head of Audit & Risk have commented on the draft Statement.

5 Engagement

Not applicable.

6 Options

Not applicable.

7 Next steps and timelines

7.1 The Draft Statement will be published together with the Annual Accounts at the start of July for the statutory period of public inspection. A finalised version of the Statement will be considered by the Committee ahead of the approval of the Annual Accounts later in the year. The Action Plan will be revised and updated in responding to the Significant Issues identified. Monitoring will take place on the draft issues identified. When a final statement is approved, this will be monitored.

8 Contact officer

Simon Straker, Audit Manager (73726, simon.straker@kirklees.gov.uk)

9 Background Papers and History of Decisions

Annual Governance Statement 2022/23 & Action Plan

10 Appendices

None.

11 Service Director responsible

Steve Mawson, Chief Executive.

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Kirklees Council

Draft Annual Governance Statement 2023/24

June 2024

Overall Conclusion & Opinion

We have considered carefully the effectiveness of the Council's governance framework and have been advised by the Corporate Governance and Audit Committee. We are satisfied that the Council's overall governance arrangements are in accordance with our governance framework and Code of Corporate Governance.

We will continue to enhance our governance arrangements as recommended in the Action Plan that underpins this Statement. We are satisfied that these steps will address the need for improvements that were identified in our review and will monitor their implementation during 2024/25 and beyond in conjunction with the Corporate Governance & Audit Committee.

Signed:  Cllr. Catherine Scott, Leader of the Council

 Steve Mawson, Chief Executive

Significant Governance Issues during 2023/24

The annual corporate review process has identified and evaluated both progress with addressing ongoing issues from the 2022/23 Statement and some new areas. Those that meet one or more of the following criteria (suggested by CIPFA / SOLACE) have been regarded as *significant* and are included in this Statement:

A) It undermines / threatens the achievement of our four key Council priorities:
- to address our financial position in a fair and balanced way.
- to strive to transform council services to become more efficient, effective, and modern.
- to continue to deliver a greener, healthier Kirklees and address the challenges of climate change.
- to continue to invest and regenerate our towns and villages to support our diverse places and communities to flourish.

B) It is a significant failure to meet the principles of good governance.
C) It is an area of significant concern to an inspector, regulator or external audit.
D) The head of internal audit, one of the statutory officers or the Corporate Governance & Audit Committee has recommended it be included.
E) It is an issue of public or stakeholder concern.
F) It is an issue that cuts across the organisation and requires cooperation to address it.

Progress with the Significant Governance Issues in last year's Statement

Our previous Statements recognised that many issues are complex, and sometimes not solely under the Council's direct control. These often take longer than one year to address and some feature in a similar form for a number of years, though some aspects can be resolved during the year. A change of focus or circumstance with an issue may result in it being retained but in a revised form in the following year's Statement.

Good governance is about taking actions and making continuous improvement. Sufficient progress has been made since the 2022/23 Statement in addressing several of the issues highlighted last year, and consequently these have been omitted from those described in the current Statement, as they have returned to a business as usual mode, as shown in the table overleaf.

2022/23 ISSUE	ACTION TAKEN
Corporate Planning & Resource Allocation processes and timing not sufficiently joined to facilitate delivery of the Council's key objectives.	The two processes have been better synchronised so that the latter enables delivery of the former, as exemplified by joint consideration and approval at Budget Council at the start of March 2024.
Need to develop Partnership Governance further and build on new relationships.	Appropriate management oversight has helped to ensure delivery of key priorities and community needs.
Strengthen Governance of decision making, Member roles and place-based working.	Continued implementation and development of the current governance model with a focus on pre-decision scrutiny and delivery of improved communication and training to those involved.
Assimilation of new personnel into key corporate management roles within the Executive Leadership Team.	Appointments have been made to the key posts concerned and effective new working relationships have been developed.
The effective implementation of the "Safety Valve" programme to address overspending and historic deficit on special education needs (SEND) budgets as part of the Dedicated Schools Grant (DSG).	A Plan has been agreed with the Department for Education to reduce the High Needs Block cumulative deficit by 2029/30. This requires the continuation of the DfE's annual safety valve contributions and a contribution from the Council (this is factored into the existing version of the Medium-Term Financial Plan). Council Services will continue to work collaboratively with schools and other partners to manage the High Needs Block expenditure effectively. Effective implementation of the Safety Valve plan, including new special schools (completion by 2026), additionally resourced provision and satellite schools, more effective processing and resource allocation as a part of the SEND assessment process.

Issues from the 2022/23 Statement where further work or time to embed changes is still required are described in the following table.

No.	Governance Issue / Theme	Reason for Inclusion *(letter code refers to introductory text)*	Direction of Travel / Progress in 2023/24 / Most Recent update to CGAC (February 2024)	Further Action Planned in 2024/25
1.	Ensure there is corporate oversight of progress to address the health and safety issues raised in connection with housing properties and the complete buildings portfolio, ensuring that management and operational arrangements provide for the health and safety of all Council tenants, employees and residents.	Work is ongoing to embed innovation and change but it has not yet reached a *business-as-usual* state. (A, C, E)	In respect of the governance of housing landlord services generally (Homes and Neighbourhoods), a Board has been established, independently chaired, and reporting directly to the Cabinet committee, that is meant to address all areas of activity subject to oversight by the government Regulator. The Council's Scrutiny committee for Growth & Regeneration also has Homes and Neighbourhoods standards within its remit, and it receives timely updates as part of its annual work programme. Steps have also been taken to improve the governance oversight, and operational management of property related matters within the housing function and preparations are being made for the Regulatory inspection. However, the Housing Regulator issued formal notice in March 2024, identifying areas where the Council needs to improve its compliance, specifically for the treatment of damp, mould and condensation and fire safety.	Address areas of concern raised by the Regulator, identifying areas of highest risk regarding damp, mould and condensation and fire safety, whilst progressing rectification of these in priority order. Undertake regular engagement with the Regulator of Social Housing to ensure progress is communicated and assurance is given in a timely, consistent and effective manner. Develop an approach to the oversight and governance of housing management activities that reflects the requirements of the Government's regulatory regime.

No.	Governance Issue / Theme	Reason for Inclusion *(letter code refers to introductory text)*	Direction of Travel / Progress in 2023/24 / Most Recent update to CGAC (February 2024)	Further Action Planned in 2024/25
2.	Robust governance oversight and management of progress in implementing the significant changes that underpin the 2024/25 budget is of key importance to ensuring the financial stability of the Council.	Could prevent achievement of any key objectives. (A, C, E, F)	The serious financial position of the Council was partly mitigated by revenue spending and recruitment restrictions introduced in September 2023. Thereafter, consideration was given to the following: • A review of all reserves, earmarked or otherwise, to determine how much of any of those reserves can be moved to unallocated reserves to bolster the Minimum Working Balance (a review of the methodology for the Minimum Working Balance using a risk-based analysis (as per CIPFA guidance) rather than a simple percentage of Net Revenue Expenditure) and Unallocated Reserves in the event of an overspend in 2023/24. This was completed in February 2024 and the risk based approach to the minimum working balance was approved by Council as part of the 2024/25 budget. A minimum balance of c£15m was identified (a desirable balance being c£25m). • A review of the strength of the Council's Balance Sheet to determine the extent of any assets/liabilities that may impact on the Council's	Deliver the balanced budget. • The Council must achieve the programme of savings in accordance with planned timescales but this is not just about doing less – it's about maintaining our ambitions and being more efficient, effective, and modern, with better value for money for residents. • We need to work together at pace, make the best use of resources, and having robust programme/ project governance in place to deliver the best use of resources and address risks and issues as they arise. • Key programmes include 'The Big Plan' (our offer to children and families with special educational needs and disabilities); services and homes for our housing tenants; our adult social care operating model; and improving our online customer service offer, including across libraries.

No.	Governance Issue / Theme	Reason for Inclusion *(letter code refers to introductory text)*	Direction of Travel / Progress in 2023/24 / Most Recent update to CGAC (February 2024)	Further Action Planned in 2024/25
			overall financial position bearing in mind the acute financial position of the Council. • A review of the Council's Capital Programme with a view to reducing the amount of the Council's Prudential Borrowing given its impact on the General Fund Revenue Budget. In turn, this will necessitate a review of the Treasury Management Strategy not least because the Council, at a time of higher interest rates, is significantly (c£160m) under borrowed with any new borrowing potentially testing the viability of business cases for projects previously agreed. • A review of the Medium-Term Financial Plan (MTFP) to ensure that it fully reflects both the anticipated income and expenditure of the Council in the period 2024/25 to 2028/29 based on a range of sound assumptions. • The identification of a package of savings proposals to bridge the 'In-Year Funding Gap' reported in the MTFP of £47.8m, that can be delivered in full in 2024/25. This will include assessing the robustness of any such savings proposals to make sure they are deliverable, agreed through the appropriate governance	Regular reporting to and monitoring by ELT and Cabinet and taking corrective action where necessary. The next iteration of the Council's MTFP, including the capital plan, is currently being worked on and will be reported to Members in late summer 2024. This will shape the 2025/26 budget and the required level of savings to balance the budget.

No.	Governance Issue / Theme	Reason for Inclusion *(letter code refers to introductory text)*	Direction of Travel / Progress in 2023/24 / Most Recent update to CGAC (February 2024)	Further Action Planned in 2024/25
			mechanism and implemented as early as possible. Additional work to address revenue overspending, identify savings, and strengthen the Council's balances has been undertaken in 2023/24. The effect of the various actions undertaken in 2023/24 was to reduce the projected overspend at Q1 of £20.3m to £9.2m at Q3 with further improvement expected at final outturn, which will in turn result in a reduced call on reserves to balance. The budget for 2024/25 includes a robust set of savings. Service and corporate savings programme include: • Transformation of services – more efficient and effective • Integration • Fees and charges, and increasing income • Working differently with partners • Service re-design	

No.	Governance Issue / Theme	Reason for Inclusion *(letter code refers to introductory text)*	Direction of Travel / Progress in 2023/24 / Most Recent update to CGAC (February 2024)	Further Action Planned in 2024/25
			• Reviewing and reducing contracts • Asset rationalisation • IT efficiencies Revisions and prioritisation of the capital plan and some accounting adjustments were made.	
3.	The management, governance and use of data is not always effective, meaning that meaning decisions are not necessarily informed by robust evidence, as well as creating unintended financial and operational risks.	Strategic decision making should be supported and informed by robust data and insight.by valid intelligence. (A, F)	The Data and Insight Strategy seeks to improve how the Council's manages and uses data. The implementation of the Strategy is ongoing. This Strategy works alongside and in tandem with the Technology and Information Governance Strategies.	Improving how the Council manages its data assets through the development and implementation of a Data Management Strategy is a priority for 2024/25. During the Summer 2024, work will be undertaken to establish a data and insight skills workforce development programme

New Issues

The annual review of the effectiveness of our governance arrangements has considered potential areas of heightened concern, risk, or significant uncertainty that require a corporate response. In addition to those Issues retained from the 2022/23 Statement, the following new ones have emerged through this process which require further remediation and management action.

Governance Issue / Theme	Reason for Inclusion	Action Required in 2024/25
The Code of Corporate Governance has not been reviewed formally since its inception.	The Code underpins arrangements and the environment in which this Statement is compiled. (B)	The Code will be reviewed in line with CIPFA / SOLACE good governance practice by the Service Director, Legal, Governance & Commissioning to ensure it remains fit for purpose in the current position of the Council and the outcome reported to the CGAC and posted on the website.
Timeliness of Accident Reporting in accordance with statutory regulations	The Council was recently issued a Notice of Contravention by the HSE for late reporting. (E)	Managers have been reminded that they must report accidents to the Corporate Health & Safety Team within 24 hours who will notify the HSE as required. Raise awareness across the Council. Senior management to monitor compliance closely.
Timeliness to respond to statutory timeframes.	Increases in the levels and complexity of demand, as well as challenges in recruitment in certain areas where the market is poor. (E, F)	Take a risk based approach to recruitment, better medium and longer term workforce planning and monitor demand to foresee periods of greater pressure.

A more detailed Action Plan sits behind this summary and the Executive Leadership Team and CGAC will monitor progress during 2024/25 and beyond.

Statement Scope

Kirklees Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

Kirklees Council has a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE framework *Delivering Good Governance in Local Government 2016.* A copy of the Code is available from the Monitoring Officer. The current version can be found at https://www.kirklees.gov.uk/beta/council-and-democracy.aspx#your-council

This Statement explains how the Council has complied with the Code during 2023/24 and up to the date that the Statement of Accounts is approved and thus meets the requirements of the Accounts and Audit Regulations 2015, and the Accounts and Audit (Amendment) Regulations 2020. It provides assurance about the Council's governance framework, including the other entity in the Group Accounts, a joint venture, Kirklees Stadium Development Limited, to enable readers of the consolidated Accounts to be satisfied that arrangements are in place to govern spending and safeguard assets. Where specific improvements and/ actions are ongoing or needed, brief information is provided about the key issues and the main areas of work that have been progressed during 2023/24 and those which are planned or ongoing in 2024/25.

The purpose of the governance framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. For local authorities this also includes how a Council relates to the communities that it serves. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and through which it engages with, leads and accounts to its communities. Effective governance should enable the Council to monitor the achievement of its key objectives and to assess if this has led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of the Council's governance framework, designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve its aims, objectives and policies and can only provide reasonable, but not absolute, assurance of effectiveness.

The key parts of the governance framework

- A Local Code of Corporate Governance overseen by the Service Director Legal, Governance & Commissioning and the Corporate Governance and Audit Committee, to assess operational practice and behaviour, and prepare this Statement.
- A Council Constitution.
- A Corporate Plan, *Our Council Plan*, that outlines how officers will seek to run the Council to meet our community commitments and key objectives.
- A Leader and Cabinet model of governance.
- A corporate governance, audit and scrutiny process as set out in the Constitution.
- Oversight and delivery of the Council Programme, including several officer boards as described in the Constitution.
- Statutory officer roles performed by the Chief Executive as Head of Paid Service, the Service Director Legal, Governance & Commissioning as Monitoring Officer and the Service Director Finance as Section 151 Officer. The S151 Officer is a professionally qualified accountant and reports directly on financial matters to the Chief Executive as a member of the Executive Leadership Team (ELT).
- The Monitoring Officer who has responsibility for the Constitution and ensuring the legality of Council actions and decision making.
- The S151 Officer who has responsibility for ensuring that the financial management arrangements conform with all of the governance requirements of the five principles that define the core activities and behaviours that belong to the role in the CIPFA *Statement on The Role of the Chief Financial Officer in Local Authorities (2014*).
- Codes of conduct defining the standards of behaviour for Members and employees.
- A Counter Fraud, Bribery and Corruption Policy and arrangements that endeavour to comply with the CIPFA Code and best practice.
- A Risk Management Strategy.
- Systems of financial and business internal control.
- An internal audit section, which is compliant with the Public Sector Internal Audit Standards and Code of Ethics.
- Whistle-blowing arrangements.
- A complaints system for residents and service users.
- Business continuity arrangements.
- A senior manager to act as the Caldicott Guardian to protect the confidentiality of patient and service-user information.

- A Data Protection Officer reporting directly to the Chief Executive and a Senior Information Risk Officer (Monitoring Officer).
- Arrangements to manage other parts of the Council's (financial) Group. The S151 Officer monitors and reports on the financial effectiveness of the joint venture company, KSDL, whose accounts are subject to external audit.

2023/24 Review of effectiveness

Kirklees Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review is informed by several sources including the work of the executive managers, the Head of Audit & Risk's annual report, the external auditor and other review agencies and inspectorates and Member Committees. The Council has four bodies / committees jointly responsible for monitoring and reviewing governance. These are:

- The Executive (Cabinet)
- The Corporate Governance & Audit Committee (CGAC)
- The Overview & Scrutiny Committee; and
- The Standards Committee.

The main parts of the review process are described below:

1. Annual Review of effectiveness of the system of internal control

   In accordance with the requirements of the Accounts and Audit Regulations 2015 and Public Sector Internal Audit Standards (PSIAS), the CGAC approved the annual review of the effectiveness of its system of internal control and internal audit at its meeting in May 2024. The Head of Audit has confirmed audit arrangements have continued to be compliant with prevailing professional standards and code of ethics.

2. Risk Management

   The overall framework, system and processes is working well and continues to be developed and embedded across all parts of the Council.

New and emerging risks / and any high risks not being controlled effectively have been raised during the year and escalated to ELT as appropriate. These included matters related to the financial stability of the Council, SEND, associated parties, housing generally and property conditions specifically, employment and staffing.

3. Head of Audit's Annual Assurance Opinion

The proportion of areas where control issues have arisen during the year is growing but nevertheless the Head of Audit has reported he has just obtained sufficient assurance that overall, the Council's systems of governance, risk management and internal control continue to be generally sound and operate reasonably consistently across Services.

No new issues of significant concern were reported.

4. External Auditor's Review

The audit of the Council's 2023/24 financial statements and Annual Report (VFM Review) is scheduled for approval at CGAC by the end of 2024.

In December 2023 the 2022/23 financial statements were approved with an unqualified opinion. The 2022/23 Annual Report received by the CGAC in January 2024 reflected that the previous year's Report had been made only in the preceding July and so the significant weakness in financial sustainability and accompanying key recommendation remained in place for then current year of account. Whilst noting good progress had been made in addressing the recommendation concerning short term savings that could be delivered quickly, further developments in the governance of the savings plan and co-ordination with the longer-term transformation programme had yet to be addressed, in addition to a robust solution to rebuilding reserves.

A second new key recommendation was made concerning the Council's Dedicated School Grant deficit position, as it judged the remediation plan agreed with the DfE had faltered, albeit that since then the Council has been proactive in ongoing negotiations to identify a way forward.

No significant areas of weakness were identified either in governance arrangements, or those for identifying economy, efficiency and effectiveness.

5. Cabinet

No new significant issues to report arose from the Committee's work this year.

6. Corporate Governance & Audit Committee

During 2023/24 the CGAC reviewed a number of aspects of the Council's constitution and governance arrangements and noted or approved revisions or made recommendations to Council as appropriate.

CGAC also received assurance from various second line of defence mechanisms in their 2023/24 annual reports, such as regarding health and safety, emergency planning and business continuity, information governance and customer corporate standards on complaint handling, and a review of the Ombudsman and Third Stage Complaints received, together with details of the Whistleblowing concerns that have been received.

Recognising the need to ensure that both new and existing members of the Committee have the appropriate support and skills to conduct their role, training sessions are provided at various intervals, and this includes treasury management, over which the Committee has corporate oversight.

No new significant issues to report arose from the Committee's work this year.

7 Overview & Scrutiny Management Committee

During 2023/24 the Committee and its four Panels were themselves reviewed following a review of the Council's governance arrangements and key issues faced and strategies and responses to manage these.

No new significant issues arose from the work of the Overview & Scrutiny process this year.

8. Standards Committee

During the year the Committee reviewed various aspects of Member conduct arising from an increased volume of complaints but none individually or collectively were of sufficient significance to warrant reporting in this Statement.

9. Role of the Chief Financial Officer

During 2023/24 the previous Service Directors of Finance (SDF) retired and his successor then left the Council after a short period of tenure and an Interim appointment was made pending the arrival of the new Chief Executive. A permanent appointment was made subsequently and the new incumbent started in the role in May 2024, a role which continues to reflect the governance arrangements set out in the CIPFA

Statement, which are required to ensure he is able to operate effectively and perform his core duties compliant with the Constitution. The Council's financial management arrangements continue to fully conform to those set out in the Statement.

Assessments by a previous SDF and Internal Audit confirmed prior to 2023/24 that the Council was compliant with the CIPFA Financial Management Code, although there are some aspects of operations that can be strengthened further in line with recommendations made by Internal Audit at that time.

10. Role of the Monitoring Officer / Senior Information Risk Owner

The Service Director performing this role left the Council at the start of June 2024 and has been replaced accordingly. She had reviewed information governance and security matters as Chair of the Information Governance Board within the context of an internal review of the Board's terms of reference and increasing focus on an enabling and supportive role, as well as wider assurance concerning organisational governance and compliance with the Constitution.

The Council's Code of Corporate Governance as adopted in 2017 reflecting *CIPFA/SOLACE Delivering Good Governance Framework 2016* includes a requirement for regular review and best practice would suggest this may even be an annual process. However, the Code has not been formally reviewed and outcome reported to CGAC since that time.

No other Issues identified other than those included in the 2022/23 Statement.

11. Officer Governance

No new significant issues to report arose from the ELT's work this year.

Officer Boards as prescribed in the Constitution have continued to drive forward the Transformation Programme with strategic oversight from the ELT and escalation of appropriate issues, with particular emphasis on revenue budget and capital plan management. These arrangements are subject to both Cabinet and Scrutiny oversight and are covered in the financial position of the Council in this Statement.

12. Significant Partnerships

Partnerships range from the joint venture partnership and thematic partnerships and their subsidiaries to key contractual agreements managing substantial amounts of public money. The main contact officer for each Partnership is responsible for assessment of the governance arrangements and providing details of any significant changes to the membership and circumstances of the partnership. This information is used by senior officers to assess the potential risk that the partnership presents to the reputation or financial standing of the Council. Every six-months, a report is provided to ELT as part of the quarterly assurance meetings that updates on key issues and risks across partnership working and the key partnerships.

Whilst the revised and strengthened governance framework has become embedded, the Council is continuing to work on a number of areas where arrangements need to be improve further still.

13. Corporate Financial Management and Corporate Performance & Impact Reports

Twice-yearly Corporate Performance and Impact reports, covering key activities and the outcomes within the Council Plan, continued to be produced in 2023/24 in line with the expectations of the Administration. The Council will return to quarterly performance reporting, including a renewed set of key performance indicators to accompany the Council Plan priorities from quarter 1 2024/25. This will provide greater visibility of performance in key areas to aid an understanding of the effectiveness of the organisation. Overall understanding of the impact of the Council's performance and delivery of services continues to be the key purpose of reporting.

14 External Inspections, Regulatory Action & Peer Reviews

The central repository of the objectives, outcome and future timetable of all external inspections, audits, accreditations and reviews established by the Corporate Planning and Co-ordination Team from information provided by Service Directors enables areas for improvement and recommendations to be implemented to be identified quickly and progress monitored accordingly to ensure complete corporate oversight. This process will be embedded further into the work of the Team. A review is currently underway to identify any themes and they will be communicated as part of preparation for the next Corporate Peer Challenge (possibly late 2024).

All Strategic Directors are set an annual objective of participating in LGA Peer Reviews to ensure organisation learning from best in class.

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REPORT TITLE: Amendments to Risk Management Statement

Meeting:	Corporate Goverannce & Audit Committee
Date:	28th June 2024
Cabinet Member (if applicable)	Councillor Scott
Key Decision **Eligible for Call In**	No

Purpose of Report
To inform the committee of amendments to the Risk Management Statement

Recommendations
- That the changes to the Risk Management Statement are agreed.
- To determine if further changes are to be considered at the next review point.

Reasons for Recommendations
- The Risk Management Statement was last formally reviewed in 2018.
- Internal Audit review of Risk Management in 2023 recommended that the document needed to be updated.
- A full review has now taken place in conjunction with key stakeholders.
- The revised documents were approved by ELT 9th April 2024.

Resource Implications:
- None directly, however the revised documentation clarifies the expectations on senior officers to put in place robust risk management processes within their Directorate / Service. It should be noted that established processes exist in the majority of areas.

Date signed off by Strategic Director & name	14/6/2024 Rachel Spencer-Henshall
Is it also signed off by the Service Director for Finance?	Yes
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Yes

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes

1. Executive Summary

The Risk Management Framework (RMF) sets out the approach that the council takes in identifying, assessing, mitigating, monitoring, and reviewing risks throughout the organisation. The RMF comprises a number of linked documents:

- Risk Management Policy
- Risk Management Strategy & Guidance
- Risk Appetite Statement
- Risk Assessment Matrix
- Risk Register Template

The revised Risk Management Policy and the Risk Management Strategy & Guidance document provide the basis for the RMF.

2. Information required to take a decision

Risk Management Policy

The Risk Management Policy has been reviewed and updated, and replaces the existing Risk Management Statement, dated 2018. This document details the principles that the council adheres to, to ensure effective management of risk at all levels throughout the organisation. The Policy outlines the key roles and responsibilities for officers and members and sets out the governance routes that are followed for monitoring and reporting of risk.

Risk Management Strategy & Guidance

The Risk Management Strategy & Guidance document has been developed to provide additional guidance and support to individuals involved in the application of the Risk Management Policy. This includes sections on:

- What is (and what is not) a risk
- How to write a risk description (risk, cause, consequence)
- How to assess risks, including Inherent / Residual / Target definitions
- Types of controls and risk mitigations
- Minimum standards on Risk Register completion

Whilst this is an operational document, it is recommended that it is read alongside the Risk Management Policy and therefore should follow the same governance route.

Risk Appetite Statement

The Risk Management Policy refers to the existence of a Risk Appetite Statement, this is a separate document that is currently under development with target completion by the end of Q2 2024-25. This provides an opportunity for Cabinet and Council to consider, agree and document the organisations appetite for different types of risk, which will assist officers in establishing parameters for risk and inform options analysis and recommendations.

3. Implications for the Council

3.1 Council Plan

An embedded Risk Management Framework will provide support and challenge to delivery of our four key priorities. The current and desired risk profile of the council are used as inputs to the planning process.

3.2 **Financial Implications**
None directly. Strategic and operational risks can have significant financial implications therefore identifying the risks, assessing the materiality, and providing assurance on the controls that are in place is required.

3.3 **Legal Implications**
None directly. As above, both strategic and operational risks can have legal implications.

3.4 **Other (eg Risk, Integrated Impact Assessment or Human Resources)**
An effective risk management process is required to ensure that the council can demonstrate overall assurance and control over activities. External expectations and indications of best practice (e.g. from external auditors and the LGA) have continued to develop, the updates included within these documents will ensure that we continue to align with these expectations.

4. Consultation
Internal consultation has taken place with officers responsible for implementing risk management through the Risk Management Group, and Executive Leadership Team

5. Engagement
Not Applicable

6. Options

6.1 **Options considered**
Not Applicable

6.2 **Reasons for recommended option**
Not Applicable

7. Next steps and timelines
Following consideration by Corporate Governance & Audit Committee on the 28th June 2024, the report will progress to Cabinet for approval
Further development of the Risk Appetite Statement prior to consideration by Council.

8. Contact officer
Alice Carruthers - Corporate Risk Manager
alice.carruthers@kirklees.gov.uk

9. Background Papers and History of Decisions
Risk Management Annual Report presented to Corporate Governance & Audit Committee on 19th January 2024 referred to activity underway to update the Risk Management Statement.

10. Appendices
Appendix 1 Risk Management Policy
Appendix 2 Risk Management Strategy & Guidance

11. Service Director responsible
Samantha Lawton – Service Director for Legal, Governance & Monitoring
samantha.lawton@kirklees.gov.uk

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Kirklees Council Risk Management Framework:

Risk Management Policy

July 2024

Foreword

All organisations face risk. Those which stimulate effective and efficient risk management and strive to create an environment where risk management behaviours are embedded throughout the organisation will be in a stronger position to deliver objectives, sustain services and achieve better value for money.

Risk is unavoidable and is present in everything we do, so we should identify, assess and manage key areas of risk on a proactive basis. Risk management needs to be embedded throughout all processes, projects, and strategic decisions. This includes procurement and commissioning, and therefore this Risk Management Policy applies to our partnerships and third-party relationships.

Risk management involves balancing the controls in place to provide sufficient protection from harm, whilst ensuring the organisation can still meet its aims and objectives and take advantage of opportunities as they arise. The approach is to ensure that key risks are identified in all areas of the organisation, are understood and proactively managed, rather than avoided.

The Risk Management Policy and supporting documentation form an integrated framework that supports Kirklees Council in managing risk effectively. The structures and processes that make up our risk management framework are intended to provide assurance to all stakeholders that risk identification and management plays a key role in the delivery of our strategy and related objectives, and we understand our risk appetite. Effective risk management is an essential feature of achieving and demonstrating sound governance.

Finally, it is important to remember that 'risk' is not someone else's job, managing risk is everyone's responsibility.

Chief Executive
July 2024

Leader
July 2024

1. Introduction

Although risk management is a statutory requirement it is not simply a compliance exercise, it is intrinsically linked to effective management, making informed choices, and good corporate governance.

As the role of local government evolves, from being service providers to service commissioners and strategic partners, and the consequences of increased expectations and rising demand coupled with a challenging economic environment, increasing layers of complexity and risk are introduced. However, there are also opportunities for innovation, collaboration and transformation, embracing alternative strategies for community engagement and exploring new approaches to service delivery.

Robust risk management is about taking informed decisions in order to achieve objectives and deliver results. If effective, this will ensure the Council is better placed to both take advantage of opportunities and manage threats.

Changes to national policy and financial pressures mean that there is a need to anticipate, identify and proactively manage both risk and opportunity to maximise resources and make effective decision whilst ensuring efficiency and maintaining customer focus. This means understanding the appetite for risk.

This Risk Management Policy and supporting documentation form an integrated framework that supports the Council in the effective management of its risk. In implementing the framework, we will provide assurance to our stakeholders, partners, residents and businesses that the identification, assessment, evaluation and management of risk, plays a key role in the delivery and achievement of the Council's vision contained in its Strategic Plan, as it changes and refreshes.

Effective risk management supports the achievement of one of our key enabling outcomes: to be Efficient and Effective

> ***We want to be a transparent, well managed and high performing council. We will focus our resources on doing the right things and doing things right, to make a difference to the outcomes of the people and places of Kirklees.***

The Council has a statutory duty to implement effective risk management arrangements. The Accounts and Audit Regulations 2015 (as amended), provide at regulation 3 that a local authority must:

"Ensure that it has a sound system of internal control which includes effective arrangements for the management of risk"

Additionally, the CIPFA Code of Financial Management with which authorities have to comply has Accountability as one of its principles which includes a standard to meet the requirements of CIPFA / SOLACE Delivering Good Governance which in turn includes risk management as a facet of good governance:

"The governing bodies of public sector entities need to ensure that the entities they oversee have implemented — and can sustain — an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving an entity's outcomes."

The Accounts and Audit Regulations 2015

2. Aim of the Policy

Risk management is a dynamic and ongoing activity, that should be embedded in all of the council's operational processes and strategic decisions. The objectives of the Risk Management Policy are to:

- Adopt a strategic approach to risk management in order to make informed decisions to achieve successful change
- Integrate risk management fully into the culture of the council and into its corporate and service planning processes
- Develop the framework for identifying, assessing, controlling, reviewing and reporting and communicating risks across the council
- Consider the materiality of individual risks to ensure resources are directed appropriately
- Improve the organisational understanding of the council's approach to risk management and the coordination of risk management activity across the council
- Recognise the interrelatedness of risks across the organisation and the tension between risks and opportunities
- Ensure that the Executive Board and relevant Assurance and Scrutiny Committees obtain regular updates on new and emerging risks that the organisation is facing, as well as updates on any changes in the risk profile of established risks
- Manage risk in accordance with best practice and ensure compliance with statutory requirements - which can include a choice to tolerate a risk and accept its potential consequence
- Develop leadership capacity and skills in identifying, understanding and managing the risks facing the council

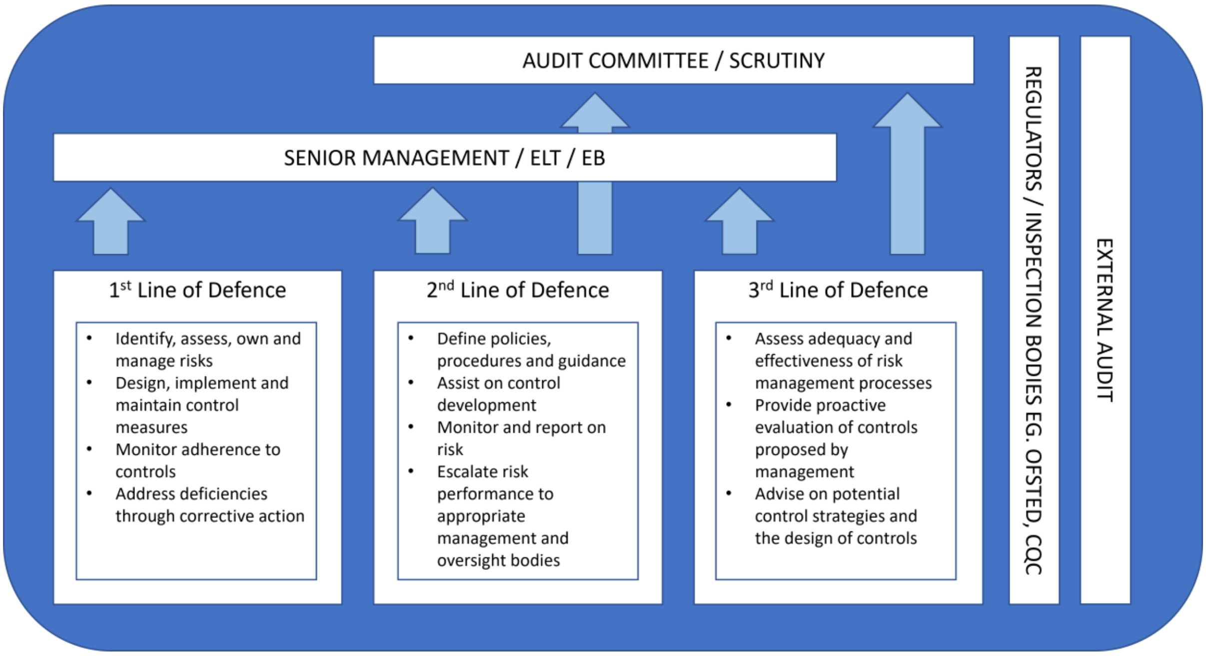
Risk management is a tool that forms part of the governance system of the organisation. When applied appropriately it can bring multiple benefits:

- Supports achievement of stated objectives and improves the likelihood of delivering its intended outcomes
- Improved decision making, based on an informed, evidence-based analysis of risks and opportunities, with robust and appropriate challenge
- Helps the council to anticipate and respond to changing social, environmental and legislative requirements.
- Better informed strategic decisions leading to increased effectiveness of transformation projects and programmes and improved efficiency of operations.

- Improved financial performance and value for money with protection of budgets from unexpected financial losses and increase our flexibility to cope with internal and external pressures and demands
- Demonstrable protection of assets, people and reputational risks
- Provides a framework for managers to demonstrate good governance, better understand service, project or partnership risk profiles and better mitigate risks

3. The Three Lines of Defence

Everyone within Kirklees Council has some responsibility for risk management. The "three lines of defence" model provides a structure for the risk management framework.



First Line of Defence - management have primary ownership, responsibility, and accountability for identifying, assessing, and managing risks. The first line 'own' the risks and are responsible for execution of the council's response to those risks through executing internal controls on a day-to-day basis and for implementing corrective actions to address deficiencies.

Second line of Defence - consists of functions and activities that monitor and facilitate the implementation of effective risk management practices. They also facilitate the reporting of adequate risk related information up and down the organisation. The second line supports management by bringing expertise and monitoring alongside the first line to help ensure that risks are effectively managed.

Third Line of Defence - the internal audit function will, through a risk-based approach to its work, provide an objective evaluation of how effectively the organisation assesses and manages its risks, including the design and operation of the first and second lines of defence.

External Assurance - sitting outside of the Council's own risk management framework and the three lines of defence are a range of other sources of assurance that support an organisation's understanding and assessment of its management of risks and its operation of controls such as external audit, Ofsted and the CQC.

4. Risk Management at Kirklees Council

The Council's approach to Risk Management is set out in three linked documents:

- Risk Management Policy
- Risk Appetite Statement
- Risk Management Strategy and Guidance

A quarterly risk report is submitted to the Executive Leadership Team and Executive Board. This comprises:

- A Principal Risk Summary, outlining changes in the risk profile of the principal risks, including key risk indicators and future outlook
- The Corporate Risk Report, highlighting any significant changes (improvements or deterioration) to existing corporate level risks
    - Identifies new risks through escalation from Directorate risk registers or corporate level horizon scanning activity
    - Suggests risks that can be removed and managed at a Directorate level
- Emerging Risk List, providing a summary of potential risks that we are aware of and maintaining a watching brief on

Service Directors are required to maintain a consolidated Directorate risk register which must be reviewed and approved by the Directorate Senior Leadership Team on a quarterly basis. It may be appropriate for large or diverse Directorates to maintain risk registers at Service level to ensure sufficient oversight of risks.

The Directorate risk register must be submitted to the corporate risk team in line with the published timetable. Risks must be assessed using the risk assessment matrix. Directorate risk registers must use the approved template.

Programme and Project risks:

Review of, and if appropriate escalation, of risks should take place through existing project reporting routes, as agreed with the project sponsor.

It is expected that risks from strategically important projects will be included within the Directorate Risk Register to ensure adequate visibility. The Project Board should provide recommendations about risk that require inclusion in directorate reports.

Third party risks:

Risks that arise from working with suppliers, contractors, partners, or with associated parties (whether within a contractual framework or not) must be identified, recorded, managed and escalated as appropriate. Where material, it may be appropriate to record specific risks relating to third parties within directorate level risk registers.

Examples of risk could include:
- Poor performance by a third party that is impacting on service delivery
- Concerns about the ongoing financial viability of a specific third party
- Possible reputational damage to the council through association with a specific third party

4. Roles & Responsibilities

All individuals within Kirklees Council have some responsibility for risk management. To ensure risk management is effectively implemented all Members and Officers should have a level of understanding of the council's risk management framework and regard risk management as part of their responsibilities.

Officer roles	Responsibilities
All council staff	• Consider day to day risks and opportunities and escalate risk concerns to their line manager, or through approved reporting mechanisms • Participate fully in risk control activity and learning such as mandatory training and reviews of operational procedures • Follow all relevant procedures in relation to job role
All managers, and specific Risk Owners	• Responsibility for identifying and assessing individual risks • Overall responsibility for identifying and assessing effectiveness of control framework for each risks • Identify and track progress of required actions to ensure risk remains within tolerance • Escalate if actions are not delivered within agreed timescale
Strategic Directors, Service Directors and Heads of Service	• Accountable for identifying the risks that exist within their area of responsibility • Determine the actions that are required to ensure risk exposure remains within appetite • Put in place governance mechanisms to undertake ongoing review of risks and assessment of controls on a regular basis • Where required, escalate risks to ensure appropriate awareness and focus • Complete regular horizon scanning activity to ensure emerging risks are identified and preparatory actions completed • Attend Scrutiny and Corporate Governance & Audit

	Committee as requested to discuss specific risk items, and actions in place to address, or more broadly the processes that they have in place for risk oversight.
Internal Audit	• Challenge and provide independent assurance on risk management processes, risk identification, evaluation and the effectiveness of controls • Consider risk intelligence when developing the Audit Annual Plan, and when completing individual audit assignments
Corporate Risk Manager	• Develop and manage the process for the effective monitoring of risk management across the council • Support Senior Managers to embed the Risk Management Policy and Risk Management Strategy & Guidance and drive consistency in its application • Effectively challenge Strategic Directors, Service Directors, Heads of Service and Risk Owners to further embed and improve risk management across the council • Develop guidance, tools and training to support the organisation to manage risk effectively in accordance with the risk management framework. • Provide assurance on the application and embeddedness of the approach to risk management throughout the council. • Complete required reviews of the councils' Risk Management Policy and Strategy & Guidance, consulting with key stakeholders as appropriate
Programme & Project Managers	• Ensure risks associated with their projects / programmes are identified, recorded and regularly reviewed as part of the project management process • Follow appropriate risk management procedures as determined by the size of the programme / project • Escalate risks related to their programme / project in line with project reporting requirements • Where appropriate, ensure projects / programmes are visible on the relevant Directorate risk registers
Contract Managers	• Ensure risks associated with service delivery are identified, recorded and regularly reviewed as part of formal governance meetings with the supplier / contractor • Record key risks associated with contract delivery on relevant service risk register
Partnership Managers	• Ensure risks associated with their partnership(s) are identified, recorded and regularly reviewed as part of formal Partnership governance meetings • Record key risks associated with partnership performance on relevant service risk register

Member roles	Responsibilities
All Members	• Maintain an understanding of the risk management process within the Council • Consider risk implications during decision making and policy approval • Support and promote an effective risk management culture • Constructively review and scrutinise the risks involved in delivering against the Councils priorities and outcomes • Raise risks that they have been made aware of in the course of undertaking councillor duties
Portfolio Holders	• Undertake a review of risks across their portfolio with the relevant Service Director(s) on a regular basis (suggested quarterly)

Governance meeting	Responsibilities
Risk Management Group	• Work collaboratively to ensure consistency in the application of risk management framework • Share best practice to drive improvements in risk management across the organisation • Make recommendations to the Executive Leadership Team on Key Corporate Risks
Executive Leadership Team	• Approve the Corporate Risk Register and supporting documents on a quarterly basis • Champion an effective Council wide risk management culture • Work collaboratively to ensure the Council risk exposure remains within appetite • Regularly review and discuss the Corporate Risk Register and associated reports • Ensure Cabinet / Members receive relevant risk information
Executive Board	• Review the Corporate Risk Register and supporting documents on a quarterly basis • On an annual basis, review and approve the Risk Management Policy and Risk Appetite Statements
Cabinet	• Consider and challenge the risks involved in making Key Decisions • On an annual basis, review and approve the Risk Management Policy and Risk Appetite Statements
Corporate Governance & Audit Committee	• Provide independent assurance to the Council on the overall adequacy of the approach to Risk Management including review of Risk Management Policy and Risk Appetite Statements • Approve and monitor a risk-based audit programme • Complete ‘deep dive’ reviews to gain assurance on the embedding and adequacy of risk management processes across the organisation

Scrutiny Committees	• Review and challenge strategic risk information that is reported to Cabinet to support decision making • Promote the benefits of an embedded risk management process, and an open culture of challenge and review

5. Risk appetite

The Risk Appetite Statement details the extent of risk that Kirklees Council considers acceptable. The intention is to operate within the agreed risk appetite, where activity is considered to be outside of risk appetite appropriate action must be taken to resolve.

6. Risk Culture

All officers and members should strive to create an open and honest environment where the disclosure and discussion of risks is welcomed and encouraged.

It is important that there is a consistent approach to risk management, and it is the responsibility of Strategic Directors to put in place appropriate governance and oversight mechanisms so they can demonstrate how they are complying with the Risk Management Policy.

The risk management framework is designed to support informed decision making and should not be perceived or presented as a barrier to decision making or action.

It is imperative that the risk management culture is one of continuous improvement and is therefore supportive and open to ensure that mistakes or ‘near misses’ can be discussed and lessons learnt without consequence.

Recognising and raising a risk does not imply culpability, nor does it indicate ongoing ownership of the risk, or responsibility to resolve. All areas of the organisation have a responsibility to raise risks on behalf of the Council as a whole.

7. Risk Maturity

It is important for organisations to undertake regular review of the level of risk maturity that they are operating at, to acknowledge elements of the process that are working well and to identify further opportunities for development. This is normally a self-assessment exercise, using industry standard Risk Maturity Models.

Emerging → Engaging → Embedded

Risk maturity self-assessment should take place at 3-year intervals, as a minimum, with outcomes forming part of the Annual Governance Statement.

8. Document governance

Document owner: **Head of Internal Audit & Risk**

Approval body: **Cabinet**

Review period: **Annual review**

Document history:

Version	Comments	Date
0.1	First draft	December 2023
0.2	Head of Risk approval	January 2024
0.3	Feedback from Monitoring Officer and Strategic Director	March 2024
0.4	Feedback received from ELT	April 2024
	Corporate Governance & Audit Committee	June 2024
	Cabinet	July 2025

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Kirklees Council Risk Management Framework:

Risk Management Strategy & Guidance

July 2024

Contents

1. Aims & Objectives

The Risk Management Framework at Kirklees Council is set out in three linked documents. The Risk Management Policy explains the Kirklees Council approach to risk management, the aims and objectives of the Policy (what we are seeking to achieve) and the roles and responsibilities of those involved. Alongside, the Risk Management Strategy & Guidance provides further detail on the framework that risk management follows, support and guidance for those involved in managing and reporting on risk, and detail on how the objectives of the Policy are to be achieved. Additionally risk register and corporate risk report

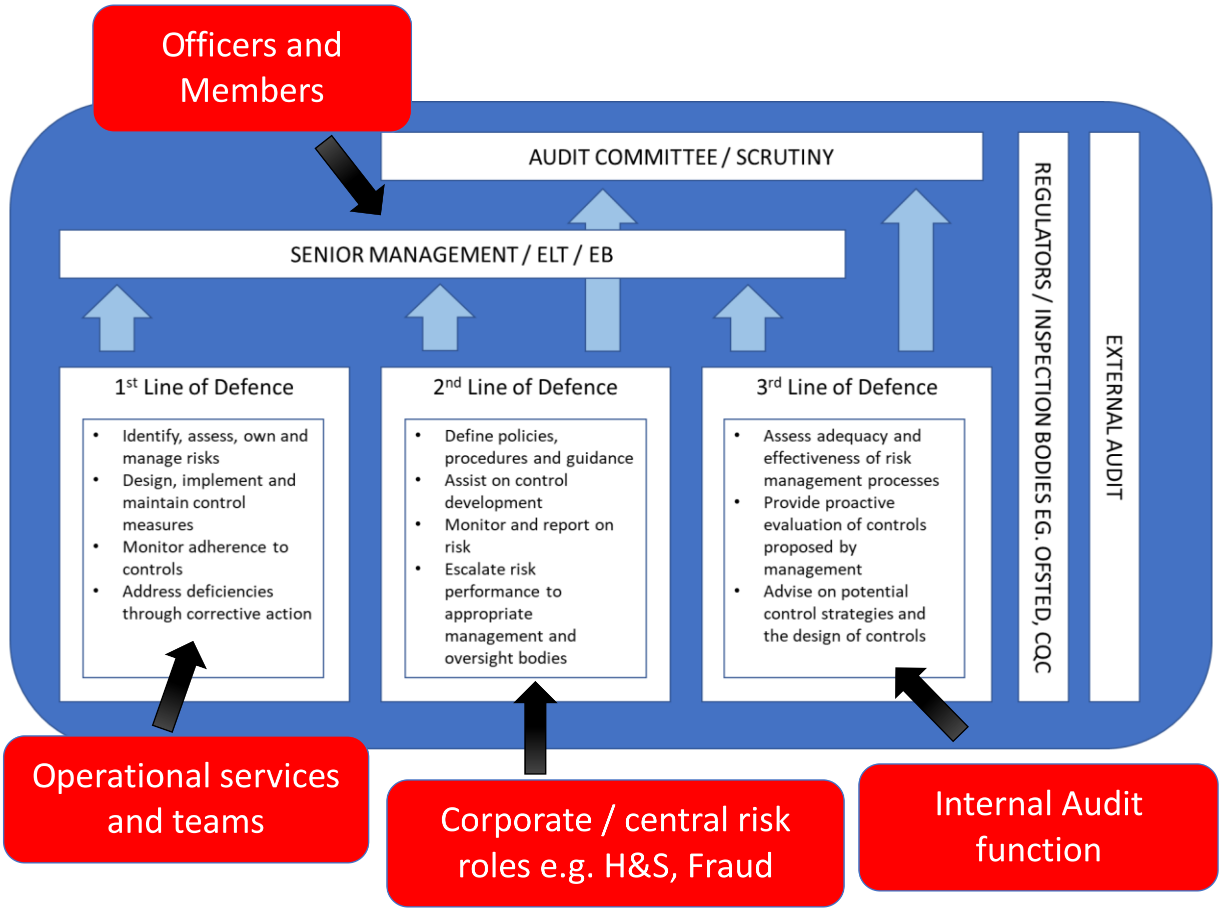
2. Risk Appetite

Risk appetite describes the amount and type of risk that an organisation is willing to take in order to meet its strategic objectives. The intention is to operate within the agreed risk appetite, where activity is considered to be outside of risk appetite appropriate action must be taken to resolve.

Definitions of risk appetite levels for key strategic risk categories are set out within the Risk Appetite Statement

3. The Three Lines of Defence

The council follow the “three lines of defence” model which supports the assertion that everyone across the council has some responsibility for risk management. The lines of defence have a common objective: to help the organisation achieve its objectives through effective management of risks.



4. Risk Management Process

Our risk management processes are structured to include:

- Risk identification and assessment to determine and prioritise how the risks should be managed
- The selection, design and implementation of risk treatment options that support achievement if intended outcomes and manage risks to an acceptable level
- The design and operation of integrated, insightful and informative risk monitoring
- Timely, accurate and useful risk reporting to enhance the quality of decision making and to support officers and members in meeting their responsibilities

4a. Risk Identification

This is the process of determining risks that could potentially prevent the Council achieving its objectives. This could be at a strategic or service level. Directorate and Service leads must have a strong understanding of the threats (and opportunities) associated with the delivery of agreed strategies and plans. Additionally, an understanding of the relevant statutory duties is required, and a robust framework to demonstrate compliance with these requirements.

Useful inputs to consider:

- Complaints data, including published Ombudsman findings
- Professional networking insight – is there read across to Kirklees?
- Insurance claims / payouts
- Feedback from regulatory oversight bodies (eg. Ofsted, CQC, RSH)
- Published guidance / best practice
- Recommendations identified through Internal Audit activity
- Findings included within External Audit reports

Sources of risk will vary depending on each Service area however the following provides a generic list of risk sources to consider initially:

- Staff – training, experience, tenure, motivation, retention
- Stability of service offering – new service, new customers, changed delivery methods
- Manual processes / Automation – oversight of both
- IT infrastructure / applications
- Supplier selection and ongoing contract management
- Partnership relationships and governance
- Recent / upcoming regulatory change
- Changes to what is seen as good practice.
- New products and technologies that impact on the way activity is delivered
- Customer expectations
- Information assets
- Vulnerability of service users
- Statutory obligations

Further guidance and assistance is available from the Corporate Risk Team if required.

All risks that could impact on the successful delivery of Service objectives should be documented, even if the risk is deemed to be effectively controlled.

Emerging Risks should also be recorded within Directorate Risk Registers. Emerging Risks are defined as “a future internal or external event or trend, which could have a material adverse impact on the council, our communities or our staff but where the probability, timescale and / or materiality are difficult to accurately assess”.

Any emerging risk that is serious should be drawn directly to the attention of the corporate risk team as it appears to be emerging (irrespective of the timing of the general reporting)

An Issue is something that is already happening, while a risk is something that has the potential of happening in the future. If something is certain or has already happened / is happening, then that is an Issue. Issues should be recorded on an Issues log. Actions that are required to address the issue should be identified and tracked to completion.

4b. Risk descriptions

Good quality risk descriptions should be clear, concise, meaningful and well defined. Identifying the main causes of risk and articulating them in the risk description enables the Council to better understand the controls required to manage and mitigate the risk.

Cause / Risk / Effect

It is essential to write clear risk statements in order to understand them, assess their importance, and communicate them to key stakeholders across the organisation. The key point is that if people understand what the risk is they can then help to mitigate it.

- What the risk is (event)
- What the trigger is for the risk ie what will cause it to happen (cause)
- What the impact of the risk is if it happens (consequence)

The more precisely and concretely you formulate your risks, the more accurately you can identify measures to monitor the risk, and mitigants to reduce the likelihood / impact of the risk. Only if you formulate the risks systematically and carefully can you ensure that:

- everyone understands exactly what kind of risk it is.
- the identified risk is accepted as relevant
- the right measures are taken

A description at too high level, such as “something unexpected could happen during the project”, is of course not useful, as no meaningful measures are possible at this high level. However, too much detail can result in the risk being description being too narrow.

The recommended format for risk descriptions is as follows:

The risk of “A”, caused by “B”, leading to “C”

Failure of “X”, caused by “Y”, leading to “Z”

What risks are not:

- A statement of fact
- A list of tasks / activities that need to be completed
- Extracts from a job description / role profile
- An under or unfunded budget pressure (though the consequences of this might be a risk)
- An issue (a risk that has already crystalised)
- Overly generic

Map risk to risk type.
All risks must be mapped to a primary risk type. It is likely that risks will impact more than one risk type, and in this instance additional risk types can be also listed.

Principal Risks:

- Operational / Service Delivery
- Legal, Regulatory & Compliance
- Physical Assets
- Financial
- Third Party
- People & Culture
- Environmental
- Safeguarding
- Transformation & Change
- Reputation
- Data, information management or cyber

4c. Risk Assessment

Risks are assessed and scored using the Council's approved Risk Assessment Matrix. The risk assessment matrix provides a tool to ensure that the Council can consistently assess the potential impact and likelihood of a risk occurring.
This assesses the probability or likelihood of a risk occurring on a scale of 1-5 and the Impact, were a risk to crystallise.

The score should be based on the **most likely scenario** to occur. The risk register should not reflect worst case scenario modelling.

Inherent Risk Assessment

The inherent (or gross) risk is scored assuming legal and statutory requirements are adhered to but without taking into consideration any additional mitigants and / or controls that are operating.

Residual Risk Assessment

Residual (or net) risk is the level of risk that is left once all mitigants and controls are in place and operating effectively. It is an assessment of the likelihood of a risk crystallising and what the impact might be, taking into account the key controls already in place and other external factors.

Target Risk Assessment

The target risk assessment indicates the position that the risk could move to on the risk assessment matrix assuming:

- the effective operation of all existing controls
- completion of all additional actions that have been identified

- there are no unanticipated changes in the internal or external operating environment (ceteris paribus)

A timeline of 36 months is used to inform the target risk assessment. This field is recommended, however becomes mandatory for all risks that appear on the corporate risk register.

Likelihood measures

Probability	**Rare**	**Unlikely**	**Possible**	**Probable**	**Almost Certain**
Score	**1**	**2**	**3**	**4**	**5**
Frequency *When do you expect it to happen?*	This will probably never happen	Not expected to happen over a 3 year horizon	Might happen within 3 years	Is likely to happen within 3 years	Is expected to happen within the next year
Likelihood *Chance of it happening over a 3 year time period*	Less than 5% (0-5%)	Around 10% (5-15%)	Around 25% (15-40%)	Around 60% chance (40-80%)	Around 90% chance of this happening (80-100%)

Impact measures

Impact	**Insignificant**	**Minor**	**Moderate**	**Major**	**Very Significant**
Score	**1**	**2**	**3**	**4**	**5**
Finance	Zero or negligeable financial impact	<£100k	>£100k <£1m	>£1m <£5m	>£5m
Legal, Compliance, Regulation	No or minimal impact or breach of guidance / statutory duty. Minor civil litigation risk	Minor breach of statutory legislation / regulation. Reduced performance rating if left unresolved.	Single breach in statutory duty. Challenging external recommendations. Major civil litigation and / or local public inquiry.	Several breaches in statutory duty. Enforcement action and improvement notices. Major civil litigation and / or national public inquiry. Critical report.	Government intervention or criminal charges. Multiple breaches in statutory duty. Prosecution. Severely critical report.
Public Health (inc Health & Safety)	Environmental incident with no lasting detrimental effect. No impact.	Medical treatment required, potential long term injury or sickness.	Fails to prevent extensive, permanent injuries or long term sickness Medium term	Fails to prevent death, causes extensive permanent injuries or long term	Responsible for death of employee / resident. Permanent, major environmental

		Short term public health or environmental incident (weeks).	major public health or environmental incident (up to 1 year).	sickness Long term major public health or environmental incident	or public health damage.
Reputation	No media awareness	Short lived local media attention	Prolonged local media attention	Adverse national media attention	Prolonged negative national media attention
Service Delivery	Limited or no impact	Slight delay to peripheral objectives	Delay to achievement of council objectives	Significant threat to council objectives	Core objectives cannot be delivered

4d. Risk mitigation

Controls must be identified and documented for all risks.

Preventative Controls: these are controls that are designed to prevent errors or irregularities from occurring and risks materialising in the first place.

- Segregation of duties
- Employee background checks
- Use of safes for storage of cash / sensitive documents
- Encryption of sensitive data
- Defined access rights to IT systems
- Professional qualifications
- Training
- Documented policy and procedures
- Inspection & maintenance schedules
- Peer review

Detective Controls: these are designed to find errors or irregularities after they have occurred. By their nature they tend to be resource intensive and are therefore more expensive to implement

- Security alarms
- Bank reconciliations
- Stock takes and inventory counts
- Cost Centre management (eg. review of Purchase Card spend)
- Incident reporting process
- Case reviews / Quality Assurance

Limiting or Corrective Controls: these controls are designed to limit the impact and extent of damage were the risk to crystallise

- Backup and recovery of data
- Insurance cover
- Business continuity / Incident management plans

All risk mitigation should be proportionate to the level of risk that we are facing as an organisation. Every control has an associated cost, and it is important that the control represents an effective use of council resources.

The effective use of controls will constrain a risk to an acceptable level, rather than eliminate it all together.

Controls must be measurable, and their performance reported on. It is not acceptable to make generic statements, reference to who operates the control, the frequency and reporting mechanisms should be included.

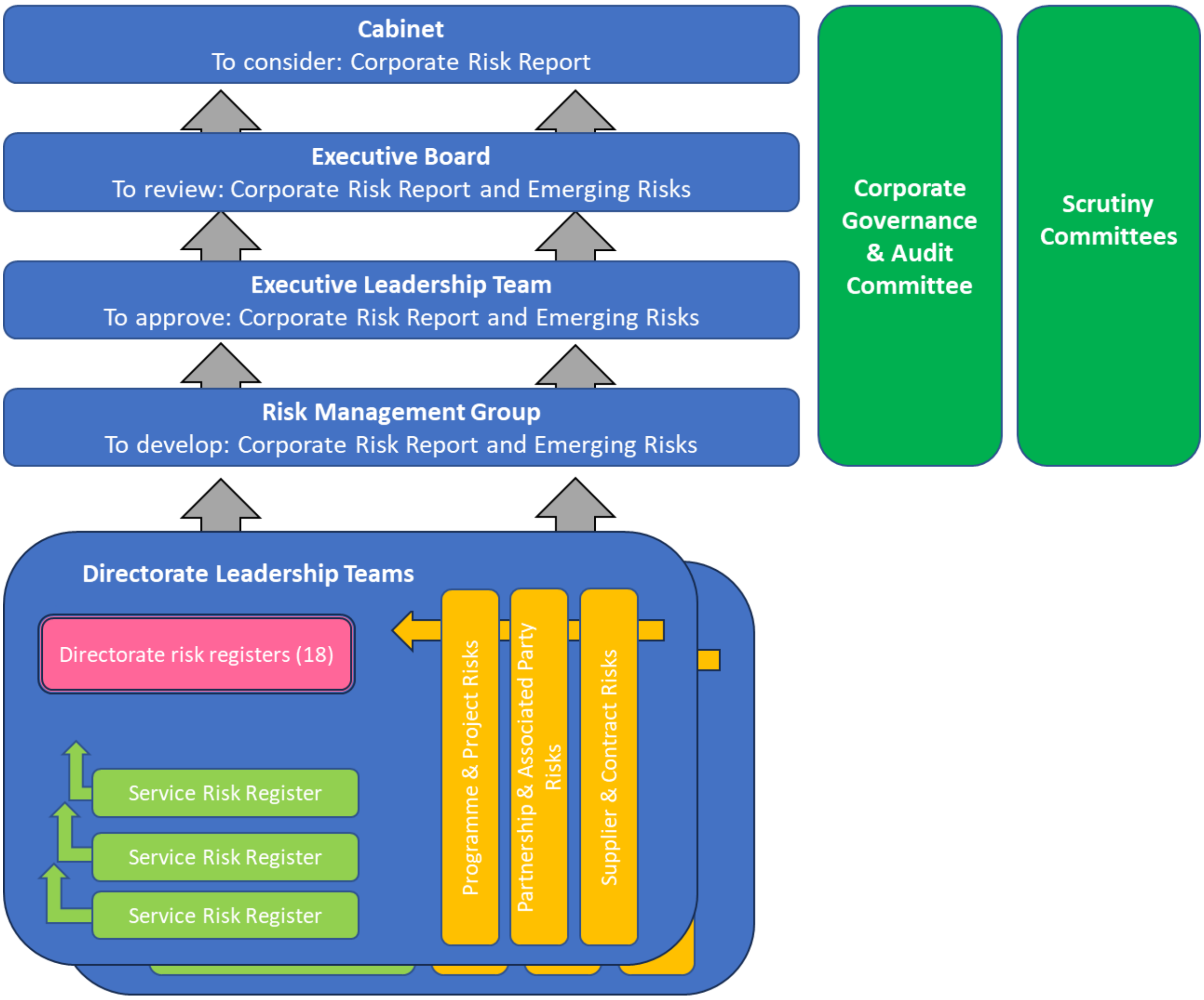
Unacceptable control description:

- Staff training

Acceptable control description:

- Individual training needs are assessed and recorded by line managers at induction for new starters and when staff change roles as a result of promotion / secondment
- Role specific training requirements are documented in the Service Training Guide
- Training completion rates are monitored through the quarterly directorate people forum

4e. Monitoring and reporting



All Directorates must maintain a Directorate level risk register. Service Directors may choose to implement risk registers at a lower level within their Directorate (eg. at Service level). Factors that may influence this decision include the size of the Service, type and breadth of activities undertaken, experience of the leadership team in managing risk and the extent to which risk management activities are already embedded within operational processes.

The Council has a single, standard risk register template that is used to record and monitor risks organisation wide. Directorate risk registers must use the approved template.

Directorate Risk Registers must be reviewed by the relevant Directorate Management Team on a frequent basis, and at least every three months to ensure that risks are being effectively managed, that they remain accurate and reflect current risk exposure and control performance.

The risk management process is managed on a day-to-day basis at Head of Service and Service Manager level.

Each identified risk must have a Risk Owner. It is their responsibility to manage the risk, and report as appropriate about any deterioration or improvement in the position. Ownership of high-level corporate risks are held by Strategic Directors and Statutory Officers, whilst at directorate and service level they can be held by the Director, a Head of Service, a Service Manager, or another relevant role holder (eg. Project Manager). Regardless of role, the Risk Owner must have the ability to make decisions and hold authority and resource to command actions that are appropriate to control or mitigation of the risk. The Risk Owner may not necessarily operate all of the controls that are aligned to the risk, but they require oversight of control performance.

It is the responsibility of the Risk Owner to ensure that the risk record remains accurate. To achieve this the Risk Owner should have consideration of the following:

- Am I aware of any internal or external developments that have altered the inherent probability and impact rating?
- Do the documented controls accurately reflect the processes in place to mitigate this risk?
- Are there performance indicators to support control performance?
- Do additional risk mitigation actions need to be put in place to further control the risk?
- Have any assurances been received on the effectiveness of the control management framework (self-assessments, Internal Audit, External quality reviews eg. OFSTED, CQC)

The management of project level risks is undertaken outside of the corporate risk framework using standard templates to ensure a consistent approach. Link here. It is expected that projects that are reporting as 'red', indicating significant issues relating to time / quality / budget, will also appear on Directorate Risk Registers, due to the potential impact on existing Directorate level risks.

The Risk Management Group meets on a quarterly basis to:

- Review the Corporate Risk Register and consider if this represents an accurate reflection of corporate strategic risks facing the Council, prior to this being reported to Executive Team.
- Review the Emerging Risks register and highlight any new sources of potential risk for inclusion.
- Where appropriate, escalate Directorate / Service Operational risks to the Executive Team to consider inclusion on the Corporate Risk Register.
- Investigate other areas of potential risk and make mitigation recommendations.

Terms of Reference for this meeting can be found here.

Corporate Risk Reporting

The Corporate Risk Register will be reviewed by the Executive Leadership Team (ELT) and Executive Board (EB) on a quarterly basis. ELT and EB will be informed of the risk exposure across the organisation, including detail of key strategic and business critical risks, the risk profile outlook, and the activity underway to manage and mitigate identified risks.

The Corporate Risk Register will be reported to the Corporate Governance & Audit Committee on a biannual basis. Further detail on risks that are presenting a specific concern may be requested by members, and in this instance the risk owner will be required to attend to provide further detail.

The Risk Management process will be subject to standard assurance activity including Internal Audit review and external audit oversight. The Annual Governance Statement (AGS) will include assurances around risk management and other governance arrangements.

5. Embedding Risk Management across the Council

For risk management to be an effective and meaningful management tool it must be an integral part of key management processes and day to day working. Risk, and risk management needs to feature in core business processes including, but not limited to:

Corporate decision making
Significant risks, which are associated with a policy or actions to be taken, must be included in appropriate reports. Corporate templates require risk commentary to be included as part of the submission. Advice should be sought from the Corporate Risk Team where associated risk impacts are unclear.
Intranet | Decision making and report writing (kirklees.gov.uk)

Finance / budget planning
Decision to balance outcomes, outputs and planned expenditure must recognise risks associated. Corporate templates require risk commentary to be included as part of the submission

Strategy & Policy development:
The content and trajectory of key service, directorate and corporate risks are used to inform the development of Our Council Plan and ensure strategy and policy decisions are made with full understanding of the potential impact on the risk profile of the organisation.

Programme and Project risks:
Risks to Project / Programme delivery must be managed following established project management templates. The approved RAIDD log can found here Intranet | Project and change management (kirklees.gov.uk).

Review of, and if appropriate escalation, of risks should take place through existing project reporting routes, as agreed with the project sponsor.

It is expected that risks to delivery of strategically important projects will be included within the Directorate Risk Register to ensure adequate visibility. The Project Board should recommend that the risk is included within the relevant Directorate level Risk Register.

Supplier / contractor risks:
Robust contract management procedures should include the recording and regular review of associated risks and identified mitigants. These requirements are set out in the Contract Procedure Rules. Intranet | Stage 6 - Contract management (kirklees.gov.uk)

Where material, it may be appropriate to record specific risks relating to suppliers and / or contractors on Directorate level Risk Registers. Examples could include:

- Possible reputational damage to the council through association with a specific third party
- Concerns about the ongoing financial viability of a specific third party

- Poor performance by a third party that is impacting on service delivery.

Partnership / Associated Parties risks:
Risks that arise from working with partners, or with associated parties (whether within a contractual framework or not) must be identified, recorded, managed and escalated as appropriate. The relevant Service Director is responsible for determining the approach to be taken for each specific third party.

Where material, it may be appropriate to record specific risks relating to partners and / or associated parties on Directorate level Risk Registers. Examples could include:

- Possible reputational damage to the council through association with a specific third party
- Concerns about the ongoing financial viability of a specific third party
- Poor performance by a third party that is impacting on service delivery.

Information Governance:
Data Protection Impact Assessments (DPIAs) are conducted on all work involving the use of personal information to assess the level of information risk and provide assurance that information is being processed fairly and lawfully. Intranet | Information governance (kirklees.gov.uk)

Insurance:
The Council's insurance strategy is managed by the Insurance Team, details of uninsured and uninsurable risks are available on request.

Health & Safety:
The Council has a specific risk assessment policy to be followed in relation to Health & Safety Risk. Corporate-Safety-Index-of-Health-and-Safety-Documents (kirklees.gov.uk)

Emergency Planning and Business Continuity:
Corporate Risk Management works collaboratively with the Emergency Planning and Business Continuity teams, reviewing resilience reports on a regular basis for potential new or worsening risks. West Yorkshire Prepared is the Local Resilience Forum for West Yorkshire, producing and maintaining the Community Risk Register for the region.

6. Document governance

6a. Linked documents:

Risk Appetite Statement

Risk Management Policy

Risk Assessment Matrix

Risk Register Template

6b. Sources:

HMG
The Orange Book
Risk Appetite Guidance Note

ALARM
Risk Management Toolkit
Risk Reporting Guide

6c. Key contacts:

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Business Continuity & Resilience

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Stephen Bonnell
Jonanthan Nunn

6d. Document history

Document owner: **Head of Internal Audit & Risk**

Approval body: **Cabinet**

Review period: **Annual review**

Document history:

Version	Comments	Date
0.1	First draft	June 2023
0.2	Incorporating feedback from Head of Risk and Monitoring Officer	Dec 2024
0.3	Incorporating feedback from Strategic Director and SLT review Removal of detail relating to risk appetite	March 2024
0.4	Feedback received from ELT	April 2024
	Corporate Governance and Audit Committee	June 2024
	Cabinet	July 2024

Appendix 1: Completing the Risk Register

The risk register is the tool which facilitates data collection and records all identified risks, their mitigations and associated scoring of impact and likelihood. A standard template for data collection has been designed and includes the following categories:

Risk Reference:	A unique sequential number for each risk. The risk reference is prefixed by a 2/3 letter abbreviation indicating the Directorate. Eg. CAS for Communities and Access Services. Risk References should not be re-used.
Risk Short Name:	Brief summary of the risk.
Date raised:	Date that risk was added to the risk register.
Risk Description:	The risk description section is split into 3 sections to aid clarity in determining the actual risk, as opposed to a cause or consequence of a risk. Risk – "The risk of…" what happening? Cause – what will cause the risk to happen eg. failure to follow procedures / guidance, insufficient resource, dispute with third party, backlog of maintenance, increase in demand, inadequate training, Consequence – for example this could be loss of income, increase in cost, breach of statutory obligations, regulatory censure, reputational damage.
Risk Owner:	It is recommended that this is documented as a role / job title with the incumbent's name following. Eg. 'Corporate Customer Standards Manager – Chris Read'
Primary risk category:	Singular risk category to be selected from the drop-down box.
Secondary Risk category:	Additional risk categories can be selected from the drop-down box.
Inherent Risk score:	Risk to be scored using the corporate risk assessment matrix assuming no controls are in place. How frequently would this risk occur without controls? What would the severity be?
Residual Risk score:	Risk to be scored using the corporate risk assessment matrix assuming controls, as detailed, are operating effectively.
Target Risk score:	An indication of the level of risk that would be within risk tolerance and could be achieved within a medium term (3 year) timeframe.

This score should be determined in conjunction with the Risk Appetite Statements.
This is a mandatory field for risks that are escalated to the Corporate Risk Register. It is an optional field for all other risks.

Controls:	Defined as 'processes that are in place to mitigate a risk through reducing probability of a risk occurring, or the impact were the risk to occur'. Risk Owners should have processes in place to monitor whether controls are operating as expected and take appropriate action if they are found to be ineffective. All controls should have an owner. This is not necessarily the risk owner. It is expected that control performance will be assessed as part of internal audit reviews, where relevant.
Actions:	Additional activity that is required to bring the risk within risk appetite. Actions require action owners and timelines. Risk Owners should have processes in place to monitor progress of actions and escalate where insufficient progress is being made. Not all risks will have additional actions.
Quarterly update:	Provide supporting comments to explain any change, or not, to likelihood, impact, or both. This is expected to reflect the impact of changes in status of action(s) or control(s), or the impact of any newly established controls. Internal/external influences may also affect the risk score.
Outlook:	Simple assessment of the risk trajectory - improving, deteriorating or remaining the same?

Corporate Governance and Audit Committee – Outline Agenda Plan – 2024/25

MEETING DATE	ITEMS FOR CONSIDERATION
28 June 2024	1. Customer Complaints 2. Treasury Outturn Report (Reference to Council) 3. Annual Governance Statement (draft) 4. Amendment to Risk Management Statement (Reference to Council)
26 July 2024	1. Annual Corporate Emergency Planning & Business Continuity 2. Annual Report of the Committee 3. Bad debt Write Off 4. External Auditors Recommendations 5. Appointment of a second Independent Person 6. Q1 of IA
27 September 2024	1. Health & Safety Report 2. Information Governance Annual Report 3. Members Allowances 4. Internal Audit update plan Oct 24 – March 25
29 November 2024	1. Final Accounts 2. Treasury 6-month Outturn Report 3. Annual Governance Statement 4. Audit Finding Report 5. Risk Management Update 6. Q2 of IA
31 January 2025	1. Dates of Council Meetings (Reference to Council) 2. Treasury Strategy Report 3. 2023-24 Auditors Annual Report (VFM) 4. Q3 of IA
07 March 2025	1. Proposed amendments to Financial Procedure Rules (Reference to Council) 2. Proposed amendments to Contract Procedure Rules (Reference to Council) 3. Proposed changes to the Constitution (Reference to Council) 4. Outside Bodies Nominations 5. Annual Governance Statement (monitoring)
25 April 2025	1. Informing the Audit Risk Assessment 2. 2024-25 Audit Plan 3. Annual report of Internal Audit 4. Q4 of IA 5. Internal Audit Plans 2025-26 (Q1-Q2)

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