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## **KIRKLEES COUNCIL**

### **CORPORATE GOVERNANCE AND AUDIT COMMITTEE**

**Friday 20th June 2025**

Present: Councillor John Taylor (Chair)  
Councillor Caroline Holt  
Councillor Harry McCarthy  
Councillor Kath Pinnock  
Councillor Imran Safdar  
Councillor Angela Sewell  
Councillor Eric Firth

Co-optees Andrew North  
Chris Jones

In attendance: Rachel Spencer- Henshall, Executive Director, Corporate Strategy  
Samantha Lawton, Service Director, Legal, Governance and Commissioning  
Janet Sharpe, Interim Service Director, Homes and Neighbourhoods  
Leigh Webb, Head of Governance  
Martin Dearnley, Head of Risk and Internal Audit  
James Anderson, Head of Accountancy  
Jacqui Fieldhouse, Head of Finance  
Ruth Calladine, Head of Procurement & Commissioning  
Gareth Mills, Grant Thornton  
Councillor Nosheen Dad (Ex-Officio)  
Councillor Graham Turner (Ex-Officio)

Observers: Councillor Cathy Scott  
Councillor Andrew Cooper  
Councillor Ali Arshad  
Councillor Hanifa Darwan

Apologies: Councillor James Homewood  
Councillor Bill Armer (ex-Officio)  
Nicholas Booth (Co-Optee)

## Corporate Governance and Audit Committee - 20 June 2025

### 1 **Membership of the Committee**

Apologies were received from Councillor Bill Armer and Nicholas Booth (Co-optee). Councillor Eric Firth substituted on behalf of Councillor James Homewood.

The Chair advised the Committee that Chris Jones would be stepping down as Co-optee from the Committee and thanked him for all the work and input he had contributed over the last two years. Two new Co-optees had been appointed to the Committee. The Chair welcomed Nicholas Booth and Andrew North.

### 2 **Minutes of Previous Meeting**

**RESOLVED-** That the minutes of the meeting held on 25<sup>th</sup> April 2025 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/Petitions were received.

### 6 **Public Question Time**

No questions were asked.

### 7 **Annual Report on Treasury Management 2024/25**

The Committee received the annual report on Treasury Management activities for the previous financial year. The report reviewed borrowing and investment performance.

James Anderson, Head of Accountancy, advised that Investment averaged £64.5 million and were largely deposited in instant access accounts earning an average interest rate of 4.86%. Total external borrowing at 31 March 2025 had increased by £66.7 million to £774 million (£707.3 million as at 31 March 2024). The Council had taken £98 million new Government long term loans from the Public Works Loan Board (PWLB) and an additional £25 million Local Authority medium term loans (2-3 years). The significant increase in long term loans were a result of borrowing for the capital plan, re-financing existing borrowing maturing during the year, and a reduction in internal borrowing. The Councils fixed rate loan accounted for 95.71% of total long-term debt giving the Council stability in its interest costs and minimising exposure to fluctuating short term rates.

During discussion, the Committee acknowledged that the Council was within prudent borrowing requirements but questioned if it was prudent that the Council borrowed the amount of money for a capital plan which required long term financing and which impacted revenue finances. The Committee was advised that borrowing was in line with other councils similar to Kirklees.

**RESOLVED-** That the Annual Report of Treasury Management 2024/25 be noted.

**8 District Heating Update**

(Under the provision of Council Procedure Rule 36(1), The Committee received a representation from Councillor Cooper).

The Committee received an update on the District Heating Programme which included actions and lessons learnt from the Internal Audit report, Switch2 metering and billing contract.

Janet Sharpe, Interim Service Director, Homes and Neighbourhoods advised that there was now a working group in place to address all issues raised in the internal audit report with an agreed approach to recover full costs due to the tariff not being altered on meters since the contract with Switch2 in 2013. Residents had received communication regarding increased tariff charges, which included key contact details and for any household in severe financial hardship details of support that may be available.

There was an ongoing recruitment process for a dedicated manager to manage the end-to-end process for metering and billing. The service was working with HR colleagues on a recruitment process for this post along with recruiting a dedicated resource to manage the decarbonisation strategy including District Heating programme.

During discussion, the Committee questioned the procurement process, communal boiler scheme and housing revenue account subsidising leaseholders historically. It was noted that there was a consultant in place to look at the process, efficiency of boilers and looking for a new contract. It was noted that the procurement process was to have a contract in place by the end of the year. With regards to leaseholders, it was identified that a full cost recovery process was required for tenants and leaseholders but needed to be more transparent in terms of breakdown of costs. It was also noted that subsidising leaseholders through the Housing Revenue Account was legitimate.

Officers were asked if district heating tariffs could be harmonised across the borough, and if legally, opting out of district heating could be stopped.

**RESOLVED-** That the District Heating Update be noted and shared with key council personnel and Members.

**9 Culture of Financial Challenges and Maximising Income**

The Committee received a presentation on Our Council - Improving finance focused culture which included:

- Finance culture assessment from the S151 Officer
- Issues Identified by the External Auditor
- What the Council was doing to address this – Our Council Culture Refresh
- What the Council was doing to address this – Transformation Programmes
- Discussion/Feedback from Committee Members

Rachel Spencer-Henshall, Executive Director, Corporate Strategy advised that the presentation was to provide assurance to the Committee on how the Council took

## **Corporate Governance and Audit Committee - 20 June 2025**

the individual issues that this Committee had helped to uncover, and how they were used to ensure that the same mistakes were not repeated by having a council wide approach to a better financial culture.

During discussion the Committee questioned budget overspend and managers responsibilities, along with a lack of a budget book, borrowing funds for the capital plan, identifying ways other than the council tax support scheme to support debt and rewarding good practice. It was noted that some services were demand led services with a legal requirement to provide, where the overspend was beyond the councils control. Every capital programme in the capital plan was currently being looked at by the Finance Director and Portfolio Holder to see if any expenditure could be moved to a later year. It was noted that Kirklees Council offered one of the best council tax reduction schemes in West Yorkshire.

**RESOLVED-** That the Culture of Financial Challenges and Maximising income presentation be noted.

### **10 Review of Procurement Practices**

(Under the provision of Council Procedure Rule 36(1), The Committee received a representation from Councillors Scott, Darwin, Cooper, and Arshad).

The Committee received a report on the outcome of a review of Procurement Practices in accordance with the Council Motion resolved on 13<sup>th</sup> November 2024

A motion was carried at Council on 13<sup>th</sup> November 2024 which requested that the Council committed to conducting a thorough review of its procurement practices to ensure that goods and consumables sourced from companies directly or indirectly involved in the Gaza conflict were not used. The motion also requested that the Council avoided purchases of goods from Israeli companies illegally occupying Palestinian Territories where it was lawful and practical to do so.

On 7<sup>th</sup> March 2025, it was agreed that this committee would oversee the review to ensure that it was undertaken with appropriate oversight and in accordance with applicable legislation. The review concluded that the Council currently had no contracts in place for the supply of goods and consumables with companies directly or indirectly involved in the Gaza conflict. Furthermore, the examination of relevant procurement legislation confirmed that it would be unlawful for the Council to adopt policies that intentionally excluded companies based on their involvement in specific geopolitical matters.

During discussion, the Committee acknowledged that the ongoing conflict was appalling, however the council must act within the law. Officers confirmed that they had operated within the law by ensuring they had checked all their contracts.

The Committee was informed that some Members had expected that Cabinet would take responsibility of the motion due to it being politically sensitive and not Corporate Governance and Audit Committee.

## Corporate Governance and Audit Committee - 20 June 2025

Officers were asked if they had considered the approach taken by other councils. It was noted that some councils had committed to undertake a review similar Kirklees council.

**RESOLVED-** That the outcome of the procurement practices review be noted.

### 11 The Audit Plan 2024/25

The Committee received the Audit Plan 2024/25 from the External Auditors, Grant Thornton ending 31 March 2025.

The report set out a summary of the work of the Auditors with specific regard to key developments impacting their audit approach, Identified risks, their approach on materiality, progress against the prior year's recommendations, IT audit strategy, value for money arrangements, logistics, fees and related matters, independence considerations, communication of audit matters with those charged with governance, and delivering the audit quality.

Gareth Mills, Grant Thornton advised the Committee that a risk in the implementation of IFRS 16 leasing standard had been identified. The standard was introduced in 2024/25 financial year and management were aware of.

**RESOLVED-** That the 2024/25 Audit Plan be noted.

### 12 Internal Audit Annual Report 2024/25

The Committee received a report of Internal Audit activity during 2024/25, and assurance opinion from the Head of Internal Audit & Risk which was an important part of understanding the level of assurance in the organisation and contributes to strong governance.

Martin Dearnley, Head of Risk advised the Committee that the Council had to have an Internal Audit function, operated in accordance with the Public Sector Internal Audit Standards (and Global Internal Audit Standards). The standards require that each year the Head of Internal Audit provided an opinion on the Council about the level of assurance that was provided through system of governance, risk management and internal control. The report concluded that in these areas, there was just sufficient evidence to demonstrate that the Council's system was largely effective.

During conversation, the Committee raised the issue of insufficient responses to the customer satisfaction questionnaire and asked if there was more the Council could do to improve this.

**RESOLVED-**

- 1) That the 2024/25 Internal Audit Annual Report be noted.
- 2) That the Head of Internal Audits opinion be noted.

**13 Draft Annual Governance Statement 2024/25**

The Committee received the draft annual governance statement report 2024/25 prior to it being signed off by the Chief Executive and Leader of the Council, which concluded that overall, the governance arrangements remained fit for purpose.

The statement covered the period up until the Annual Financial Accounts 2024/25 were approved. The statement was a statutory requirement and accompanied the statement of accounts in order to provide assurance about the governance and internal control environment in which they have been compiled and to which they relate.

The draft statement had been compiled following the annual review of the effectiveness of the overall internal control and governance arrangements and drew on a number of forms of assurance which highlighted a number of 'significant Governance Issues.' Whilst two issues from the previous year had been progressed to return to a business-as-usual mode, four of the issues from 2023/24 had been brought forward. The actions and controls the council were taking were contained within a separate action plan. The draft statement for 2024/25 may require amendment prior to the approval of the annual accounts later in the year.

**RESOLVED-** That the Draft Annual Governance Statement 2024/25 be noted.

**14 Internal Audit Quarterly Report 4 2024/25 January 2025 to March 2025**

The Committee received a report relating to the internal audit work in quarter 4 of 2024/25.

The report set out the work of Internal Audit completed January to March 2025. All of the fundamental recommendations had been implemented. Two thirds of the significant recommendations had been implemented fully with partially implementation of 30% and no action on 4%. A recommendations implementation update would now be a regular feature of quarterly reporting.

The Committee highlighted disproportionate data sharing in Youth Justice and requested an explanation around this. It was noted that this was due to sharing data without the appropriate consent of parents/carers.

**RESOLVED-** That the Internal Audit Quarterly Report 4 2024/25, January – March 2025 be noted.

**15 Agenda Plan**

**RESOLVED-** That the Agenda Plan 2025/26 be approved.

**16 Exclusion of the Public**

**RESOLVED-** That acting under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act, as specifically state in the undermentioned minute.

**17 Internal Audit Quarterly Report 4 2024/25 January 2025 to March 2025**

## **Corporate Governance and Audit Committee - 20 June 2025**

**RESOLVED-** That the Committee noted the exempt information, which was an appendix to Agenda item 14.