Service Director – Legal, Governance and Commissioning

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Thursday 20 November 2025

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 **10.30 am** on **Friday 28 November 2025.**

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 Caroline Holt
Councillor Harry McCarthy
Councillor Kath Pinnock
Councillor Angela Sewell
Councillor Adam Zaman
Nicholas Booth (Co-Optee)
Andrew North (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	B Addy	PA Davies	A Anwar	A Arshad
D Hall	A Cooper	M Ahmed	J Lawson	C Scott	JD Lawson
M Thompson	S Lee-Richards	M Crook	D Longstaff		
		M Sokhal	A Marchington		
		J Rylah	A Munro		
		S Ullah E Firth	A Pinnock		
			A Robinson		
			A Smith		

Ex Officio Members
Councillor Bill Armer
Councillor Cahal Burke
Councillor Nosheen Dad
Councillor Graham Turner

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 26th September 2025.

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:   Public Question Time

To receive any public questions.

In accordance with Council Procedure Rule 11, the period for the asking and answering of public questions shall not exceed 15 minutes.

Any questions must be submitted in writing at least three clear working days in advance of the meeting.

7:   Corporate Customer Standards Annual Report 2024/25   9 - 28

To receive the Corporate Customer Standards Annual Report 2024/25.

Contact: Chris Read, Corporate Customer Standards Officer.

8:   Contract Management Arrangements Update   29 - 56

To receive the Contract Management Arrangements Update.

Contact: Samantha Lawton, Service Director Legal, Governance & Commissioning.

9:   Half Yearly Monitoring report on Treasury Management activities 2025/26   57 - 86

To receive the Half Yearly Monitoring report on Treasury Management activities 2025/26.

Contact: James Anderson, Head of Accountancy.

Contact Officer: Nicola Sylvester

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 26th September 2025

Present:	Councillor John Taylor (Chair)
	Councillor James Homewood
	Councillor Caroline Holt
	Councillor Harry McCarthy
	Councillor Kath Pinnock
Co-optees	Nicholas Booth
	Andrew North
In attendance:	Erin Wood, Information Governance Manager, Governance and Commissioning
	Martin Dearnley, Head of Risk and Internal Audit
	Rachel Spener-Henshall, Deputy Chief Executive and Executive Director for Public Health and Corporate Resources
	Samanth Lawton, Service Director, Legal, Governance and Commissioning
	Kevin Mulvaney, Service Director, Finance
	Sarah Brown, Head of Welfare and Exchequer, Financial, Transactional Services
	Laura Burrell, Electoral Services Manager, Governance and Commissioning
	Nick Howe, Policy and Partnership Manager, Strategy, Innovation and Planning
	Gareth Mills, Grant Thornton
	Councillor Nosheen Dad (Ex-Officio)
	Councillor Graham Turner (Ex-Officio)
Apologies:	Councillor Angela Sewell
	Councillor Bill Armer (ex-Officio)

1 Membership of the Committee
Apologies were received from Councillor Angela Sewell.

2 Minutes of Previous Meeting

RESOLVED- That the minutes of the meeting held on 1st August 2025 be approved as a correct record.

3 Declaration of Interests
No interests were declared.

1

4   Admission of the Public
All items were considered in public session.

5   Deputations/Petitions
No deputations or petitions were received.

6   Public Question Time
No public questions were asked.

7   Representation on Outside Bodies 2025/26
The Committee received the Representation on Outside Bodies 2025/26 report which advised that the Service Director, Legal, Governance & Commissioning (Monitoring Officer) had delegated authority, in consultation with Group Business Managers, to determine nominations to Outside Bodies.

The appointments to outside bodies were reviewed annually, immediately following Annual Council, and a report submitted to Corporate Governance and Audit Committee in September.

During discussion of the item, the Committee was advised that the variances in representation were determined by the different categories and restrictions of each Outside Body, and that any vacancies were a reflection of the relevant parties being unable to make a nomination.

RESOLVED- That the Representation on Outside Bodies 2025/26 report be noted.

8   Annual report on Bad Debt Write-Offs 2024/25

The Committee received the Council's Annual Report on Bad Debt Write-Off 2024/25.

Overall, write offs for 2024/25 totalled £5.22 million. The top 5 write off areas related to Business Rates and Council Tax, Adult Social Care, Housing Benefit Overpayment Recovery and Housing Revenue Account. It was noted that whilst there was a need to write off debt, it did not mean that the Council would not write debt back on the accounts if new information came to light, and that the Council would incorporate tighter processes and procedures to maximise recovery.

The Council had a good record for collecting income due, and Direct Debits had proven to be a key collection technique in collecting and preventing debit accruing. A Debt Recovery Transformation Project was being developed which would be shared with the Committee as it developed.

During consideration of this item, the Committee was advised that successful business rate appeals were treated as an adjustment to provisions, rather than true write-offs. It was noted that new Government guidance stipulated that business rate evaluations took place every three years to reduce the significant backdating of appeals.

The Committee acknowledged the challenges with development-related write-offs, particularly tracking occupancy triggers and missed collections due to developer insolvency or lack of notification.

RESOLVED- That the Annual report on Bad Debt Write-Offs 2024/25 be noted.

9   **Information Governance Annual Report 2024/25**
         The Committee received the Information Governance Annual Report 2024-2025
         which outlined the Council's performance in relation to Freedom of Information
         (FOI), Environmental Information Regulations (EIR), Subject Access Requests
         (SARs), Data Subject Rights Requests (DSRs) and Security Incidents. The report
         focused on compliance, the continued growth of FOI/EIR's and SAR's year on year,
         the challenges faced, successes, including improved processes and next steps.

         It was noted that the SAR backlog continued to be overseen by the Information
         Commissioner's Office (ICO) and showed signs of improvement due to a shift in
         processing strategy. The Committee also noted that the Data Protection Impact
         Assessment (DPIA) enabled timely and proportionate risk assessments to be
         carried out.

         During discussion of this item, The Committee acknowledged the need for greater
         public access to information to help reduce the number of FOI requests but noted
         the technical and resource constraints. The Committee suggested that a further
         update on FOI trends and service responsiveness would be useful.

         RESOLVED-That the Information Governance Annual Report 2024/25 be noted.

10   **Interim Polling District and Places Review 2025**
         The Committee received the Interim Polling District and Places Review 2025 report
         which outlined the Local Government Boundary Commission for England changes,
         that had affected 15 district ward boundaries within Kirklees. A review of the polling
         districts was carried out to address anomalies and align new ward boundary
         arrangements ready for the May 2026 elections. The review was conducted in line
         with statutory guidance and included the Electoral Commission guidance on polling
         station capacity (2,250 in-person voters) to achieve an equitable balance in the
         number of polling districts across the wards.

         During consideration of the item, the Committee noted that the revised scheme
         reduced the reliance on the use of school buildings from 23 to 10, with only three
         schools opting to close. The Committee raised concerns around accessibility and
         was advised that that all polling stations were disability compliant, and that residents
         affected by the changes would be notified in writing prior to the election and
         encouraged to consider a postal vote where appropriate.

         It was noted that the recommendation to relabel polling districts codes had been
         actioned, and that following agreement of the Committee, the electoral register
         would be updated in Autumn 2025, and a revised electoral register published on the
         1st December 2025.

         The Committee expressed their appreciation for the work undertaken and noted that
         polling station arrangements would remain under review.

RESOLVED-
1) That the Polling district boundaries as detailed in Appendix 1 of the report be agreed.
2) That the Polling scheme as detailed in Appendix 2 of the report be noted.
3) That the Polling districts as detailed in Appendix 3 of the report be noted.

11   Community Governance Review Terms of Reference and Timeline
The Committee received a report which detailed the Community Governance Review, Terms of Reference and Timeline.

The Community Governance Review (CGR) was a process that allowed upper-tier councils to review and make changes to the governance arrangements of parishes within their area, and to ensure they continued to reflect the identity and interests of local communities and were as effective and convenient as possible.

On the 16th July 2025, Council agreed to the undertaking of a Community Governance Review in accordance with the relevant legal framework and Government guidance, and under the delegation of the Corporate Governance and Audit Committee to agree the terms of reference and oversee the delivery, which was due to commence on the 1st October 2025.

During discussion, the Committee raised concerns regarding the potential implications of the English Devolution and Community Empowerment Bill, which was still unclear and required further guidance from Government. The Committee also raised concerns regarding the visibility of the consultation, which was noted by Officers and agreed that further efforts would be made to ensure wider community awareness.

RESOLVED- That the Terms of Reference and Timeline for the Community Governance Review as detailed in Appendix A of the report be agreed.

12   External Audit Update Report September 2025
The Committee received the External Audit Update Report from Grant Thornton which outlined the Audit progress as of September 2025 and included Audit Deliverables and Sector Updates.

It was noted that the audit was progressing well with regular on-site engagement. A technical "hot review" had also been undertaken due to the Council's status. Key enquiries related to long-term debtors and loans to external bodies and would be included in the ISA260 Report.

During discussion of the item, the Committee was advised that the findings of the review on Value for Money (VFM) were expected to be shared and presented to the Committee in January 2026, alongside the ISA260 Report.

RESOLVED- That the External Audit Update Report, September 2025 be noted.

13   **External Auditors Recommendation Report**

The Committee received the External Auditors Recommendation Report which advised on progress against the recommendation made by the External Auditors, Grant Thornton, in respect of the financial year 2023/24. It was noted that a number of recommendations were in progress, over half had been completed but some were difficult or impossible to fully complete.

The report also contained information from the previous year's Value for Money (VFM) report which had identified three key recommendations. It was noted that while improvements had been made in areas one and three of the report, recommendation, item two of the report remained a challenge due to national factors.

The Committee acknowledged the complexity of tracking and reporting progress against recommendations, and across different time horizons, and suggested that this be taken into consideration for future reports, with clearer commentary to be provided against each recommendation.

RESOLVED- That the External Auditors Recommendation Report be noted.

14   **Internal Audit Plan for 2025/26 - Quarters 3 & 4**

The Committee received the Internal Audit Plan for 2025-26, quarters 3 & 4 report which advised that the Council had an internal audit function lead by the Head of Risk and Internal Audit who reported for governance purposes to this committee. Each year it was necessary to identify how internal audit resources were to be deployed. It was considered good practice to be flexible on the contents of the audit plan but to assure the Committee about structure and focus. The audit plan was set for half a year, based on a risk assessment.

The Committee noted that Internal Audit was a statutory obligation for local authorities and existed to provide independent assurance about the business processes for the Council. Internal Audit work was designed to provide assurance through following a programme of work to give coverage across the organisation areas of risk. The report covered the following areas:

- Audit Planning for quarter 3 and 4 2024/25 (October 2025 – March 2026)
- Fraud Work

During consideration of this item, the Committee acknowledged the resource challenges and the need to defer or remove certain audits from the original schedule.

RESOLVED-
1) That the proposed Audit Plan for 2025/26 be agreed.
2) That the resourcing position be noted.

15   Internal Audit Quarterly Report 1 2025/26 - April 2025 to June 2025
The Committee received the Internal Audit Quarterly Report 1 which set out the work completed in the first quarter and progress towards the implementation of recommendations made in previous quarterly reports that should be implemented by 30th June 2025.

In the Quarterly report, there were a mix of assurance levels and a small number of fundamental recommendations. In the recommendations progress report, it was noted that two of the fundamental recommendations had been fully implemented, two partially implemented and one was no longer appropriate (Care Phones). Among the significant recommendations, 46% had been fully implemented, 36% partially implemented, with no action on the remaining 18%.

During discussion of this item, the Committee raised concerns regarding data sharing, including inadvertent sharing of data and ensuring appropriate data sharing agreements were in place. The Committee also requested clear timescales against each recommendation to show what progress has been made.

RESOLVED- That the Internal Audit Quarterly Report 1 2025/26 – April 2025 to June 2025 be noted.

16   Agenda Plan 2025/26
The Committee received the Corporate Governance and Audit Committee Agenda Plan and noted that the Risk Assurance Process would be considered at the meeting in November 2025.

The Committee also noted the meeting originally scheduled for March 2026 had been brough forward to February 2026.

RESOLVED- That the Agenda Plan 2025/26 be noted.

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

REPORT TITLE: Corporate Customer Standards Annual Report 2024/5

Meeting:	Corporate Governance and Audit Committee
Date:	28 November 2025
Cabinet Member (if applicable)	Nosheen Dad
Key Decision Eligible for Call In	No No

Purpose of Report: To provide an update on performance for the year 2024/5 incorporating the Local Government Ombudsman's annual report, and to update on plans to introduce the Local Government Ombudsman's Code.

Recommendations
- To consider and note this report which presents the complaints outcomes for 2024/5
- To note the whistleblowing outcomes (Appendix 4)
- To consider and note the plans to introduce the Local Government Ombudsman complaints code to Kirklees (Appendix 3)

Reasons for Recommendations
- Performance broadly consistent with previous years
- In line with previous agreement to adopt the voluntary Local Government Ombudsman's code as good practice

Resource Implications:

None initially, will be monitoring the impact of the introduction of the Ombudsman's Code as we move forward.

Date signed off by <u>Executive Director</u> & 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 (Monitoring Officer)?	Rachel Spencer Henshall 23.10.2025 Kevin Mulvaney 10.11.2025 Samantha Lawton 23.10.2025

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes, no personal information included within the report.

1

1. Executive Summary

1.1 Complaint Handling Performance

1.1.1 Kirklees Council's complaints performance for 2024/25 remained broadly consistent with the previous year, indicating that the current complaints procedure is functioning effectively. Key performance indicators such as response times, escalation rates, and upheld complaints show stability, with some areas of improvement in early-stage resolution and service-specific learning outcomes.

1,1,2 Comparative analysis with other councils suggests Kirklees is performing within expected norms, particularly in areas such as repairs, housing management, and anti-social behaviour. While tenant satisfaction remains an area for development, the council has taken steps to improve communication and responsiveness.

1.2 Adoption of the Local Government Ombudsman's Complaint Handling Code

1.2.1 The council is preparing to adopt the Ombudsman's Complaint Handling Code through a revised **two-stage complaints process**. This will bring Kirklees in line with best practice standards and enhance transparency and accountability.

1.2.1 Key actions include:

- **Enhanced Monitoring**: Greater emphasis will be placed on tracking complaints throughout their lifecycle to ensure timely resolution and learning.
- **Governance & Oversight**: Strengthened reporting mechanisms to senior leadership and tenant panels.
- **Public Engagement**: Plans to improve accessibility and feedback mechanisms to align with the Code's expectations for service improvement.

1.3 Whistleblowing

1.3.1 A summary of whistleblowing activity and cases are provided

2. Information required to take a decision

2.1.1 The Local Government Ombudsman (LGO) publishes its annual report in July each year. This report for ELT and Corporate Governance and Audit Committee follows this schedule and also considers third stage complaint received during the year 2024/25.

2.1.2 The report also addresses "Whistleblowing" matters which have been notified though the Councils corporate process.

2.1.3 The report also contains as an appendix a report on Housing Services complaints, which are handled through slightly different processes.

2.1.4 The overall number of complaints in the various forms are as follows

Complaint type	2023/24	2024/5	Section
Third (Final) Stage Corporate complaints	81	90	3
Childrens services statutory second stage complaints	6	3	5
Adult Services Complaints	95	87	

2

Second (Final) Stage Housing complaints	190	250	4
Total	**372**	**430**	
Complaints formally investigated by the Ombudsman	21	17	2
Complaints formally investigated by Housing Ombudsman	8	49	4
Total Externally Assessed Complaints	**29**	**66**	

There are currently three Corporate Complaint Stages, two stages for Housing, three Statutory Childrens complaint stages and Adults Service have one complaint stage (as set out in the Care Act), although they have introduced a follow up stage if the resident returns to them.

2.1.5   The Local Government Ombudsman considers general, Adults and Statutory Childrens Complaints, while the Housing Ombudsman considers Housing complaints

2.1.6   It is important to note that comparing complaint volumes across Housing, Corporate, Adults, and Children's services is challenging. Each service area currently has a different definition of the "final" stage before a complaint may be escalated to the Ombudsman. Additionally, the impact of complaints on day-to-day living varies significantly between services, and some functions include formal appeals processes that are separate from the complaints procedure.

2.2   The Ombudsman - complaints volumes, cases upheld and local comparative information

2.2.1   The Local Government Ombudsman oversees most kinds of complaints against the activities of local authorities.

2.2.2   The ultimate sanction the Ombudsman may apply is to issue a formal report against a council.
There were no formal reports issued against Kirklees Council in 2024-25. The last formal report against Kirklees Council was published in October 2018.

2.2.3   The Local Government Ombudsman publishes details of every complaint decision six weeks after they are formally made (with rare exceptional cases). We can use this information to compile a table showing West Yorkshire Council outcomes.

2.2.4   For the period 01/04/2024 – 31/03/2025, the Ombudsman considered the following number of cases in West Yorkshire.

Council	Total enquiries received (numbers change on last year)	Complaints formally investigated (change on last year)	Numbers Upheld (% of complaints formally investigated)	Numbers where LGO upheld complaint, but agreed with the remedies in place prior to involvement
Kirklees	**109 (+11)**	**17 (-4)**	**16 (94%)**	**5 (31%)**
Calderdale	86 (-3)	29 (+9)	22 (76%)	0 (0%)
Bradford	148 (+13)	34 (+5)	26 (76%)	6 (23%)
Leeds	227 (+10)	68 (+9)	62 (91%)	6 (10%)
Wakefield	66 (+7)	10 (-2)	6 (60%)	0 (0%)

Totals (West Yorks)	636 (KMC 17% of total)	158 (KMC 11% of total)	132 (KMC 12% of total)	17 (KMC 29% of total)

2.2.5 Kirklees compared with West Yorkshire

2.2.6 Kirklees accounts for approximately 19% of the West Yorkshire population, yet the number of Ombudsman complaints from Kirklees residents is lower than might be expected when viewed in the context of the wider region. This trend has remained consistent for over a decade.

2.2.7 Nationally, Metropolitan councils averaged 4.7 upheld Ombudsman complaints per 100,000 residents. Kirklees' figure was 3.6, notably below the national average.

2.2.8 The Ombudsman contacts councils where there are concerns about delays in complaint handling or failure to implement remedies promptly. In West Yorkshire, three councils received such advice this year; Kirklees and one other did not. Combined with the relatively low number of complaints formally investigated and the higher proportion of complaints already remedied, this provides some reassurance that Kirklees' complaints procedure is robust.

2.2.9 A comparison with Yorkshire and Humber is provided in Appendix 1. This again shows Kirklees in the upper half of councils in terms of performance.

2.2.10 Details of each case upheld in 2024/5 are detailed in Appendix 2. The Local Government Ombudsman classes any administrative failing as "upheld" including any facet of the complaint, or if it has been identified at service stage, corporate review or with the Ombudsman.

3: Third Stage Complaint Investigations

3.1 In total 901 cases passed through the Corporate Customer Standards Section in 2024-25, a very similar number to recent previous years.

3.2 As well as respond to third stage complaints, the service provides advice to residents and services on complaint handling, and signposts complainants through the process. Amongst the 901 cases, the service deal with initial complaint enquires which are directed to the appropriate service to be dealt with, unusual enquiries where colleagues are unsure who might respond, advice requests from services about how they might deal with complaint matters, considering residents who might be displaying an unreasonable approach, and repeat/vexatious enquiries.

3.3 Each contact might have any number of return/repeat enquiries within it.

3.4 Third Stage Complaints - investigated internally

Service	2019-20	2020-21	2021-22	2022-23	2023-4 Total and (Upheld)	2024-5 (upheld)
Adults	4	1	1	1	1 (1)	0
Benefits, C Tax & NNDR	7	6	8	6	11 (2)	8 (1)
Corporate and others	12	7	16 (includes	7	3 (1)	5 (1)

4

			10 business grant)			
Children's and Education	7	2	2	3	18 (12)	17 (9)
Environment & Public Protection	19	19	17	7	22 (6)	26 (3)
Highways and Transport	7	7	12	3	8 (1)	11 (1)
Housing	2	4	5	6	8 (1)	8 (2)
Planning	13	26	22	23	10	15
Total	**71**	**72**	**83**	**56**	**81**	**90**
% Upheld and Part Upheld	**21.1%**	**18%**	**16.9%**	**17.8%**	**33%**	**18.9%**

3.5   There has again been an increase in the number of complaints received, and the numbers upheld have returned to longer term trends. It is worth noting that not all complaints considered by the Ombudsman go through the third stage process (some go through the other complaints process, some enter after a formal appeals process, occasionally they are considered prior to third stage).

3.6   The year saw an elevated number of complaints in waste collection and SEND. There was also a small increase in highways and planning complaints in year.

3.7   Special Educational Needs provision is a national issue, and in common with many council areas, backlogs of needs assessments had built up. The Service are catching up with work items, which had led to an increase in the number of assessments and therefore the numbers disagreeing are also higher. The complaints process considers issues such as delay and how the plans were prepared. Disagreement with the defined support described in the plan go through a formal appeals process, outside of the complaints arena.

3.8   In terms of highways there were an increased number of complaints relating to traffic calming measures, maintenance of verges, and parking enforcement. Planning complaints increased more generally, although we detected some delays in response to enquiries, both in planning and enforcement which prompted complaint.

3.9   81 third stage complaints were responded to within deadline within the year (90%). Some issues arose with obtaining information from services which delayed investigations, but overall outcomes with responding in time are generally satisfactory, given the peaks and troughs of work volumes, the complexity of some of the cases, and that within a small team there will always be gaps in staffing.

4: Childrens Services

4.1   At the time of preparing this report, a detailed Children's Service Annual Report has not been approved.

4.2   We do intend to report on the Childrens Annual Report shortly and will report to Corporate Governance and Audit Committee with an update on the progress of the Code and incorporate the Childrens Annual Report before the end of the financial year. In the year, the

5

team dealt with 223 contacts, 66 were dealt with as local resolution and 21 statutory stage one complaints were received. This is a slight decrease on the previous year.

4.3   Within the Childrens Complaints process the majority of complaints were resolved at early stages, with 100% of Local Resolution and 95% of Stage One statutory complaints not progressing further. Complaints raised by children and young people were few, and all were resolved satisfactorily, often with support from the Children's Rights Team. The number of complaints referred to the Local Government Ombudsman remained low, with only two investigated and none upheld, indicating strong internal resolution practices.

4.4   Performance against statutory timescales showed marked improvement, particularly at the Local Resolution and Stage One levels, with 95% of complaints responded to within required timeframes. The most common issues raised included communication failures, delays in service provision, and comments about process. Learning from complaints was actively captured and shared across teams, with themes such as improving communication, timely handovers, and accurate record-keeping informing service development and training.

5. Homes and Neighbourhoods

5.1   Homes and Neighbourhoods have their own full complaints management processes, and there is an opportunity for dissatisfied complainants to progress matters to the Housing Ombudsman.

5.2   Under the Social Housing (Regulation) Act 2023, the Housing Ombudsman's Complaint Handling Code ('Code') is now statutory and places a legal duty on the Council as a social housing landlord to comply with the Code.

5.3   As set out in the Code, the Council, is also required to produce an Annual Complaints Performance and Service Improvement Report. This mandatory requirement was introduced in 2024 and the report must be submitted by 30th June each year.

5.4   The Council must also ensure that the Annual Complaints Performance and Service Improvement Report has been reported to the council's governing body (Cabinet) and published on the section of the website relating to complaints.

5.5   The 2024/25 Annual Report that was approved by Cabinet on 10 June 2025 is shown at**.**

[Homes and Neighbourhoods Annual Complaints Performance and Service Improvement Report 2024/25](#)

5.5.1 Summary: Annual Complaints Performance & Service Improvement Report 2024/25

5.5.2 Overview

- **Complaint Volumes**
  - **Stage 1 complaints**: 772 (↓6.5% from previous year)
  - **Stage 2 complaints**: 250 (↑18% escalation rate)
  - **Most common complaint areas**: Repairs (60.8%), Housing Management (34.7%), especially Damp, Mould & Condensation (DMC), general repairs, and ASB.
- **Response Times**
  - Stage 1: 82.7% responded within 10 days (↑8.4%)
  - Stage 2: 68.18% responded within 20 days (↓7%)

6

- **Complaint Outcomes**
  - Stage 1 upheld: 64.3% (↑0.9%)
  - Stage 2 upheld: 63.2% (↑2.2%)
  - Complaints not accepted: 25 (↑from 6) – indicating better compliance with the Code.
- **Housing Ombudsman**
  - 49 determinations across 21 cases:
    - 2 Severe Maladministration
    - 20 Maladministration
    - 10 Service Failures
    - 14 No Maladministration
  - Most issues related to repairs, complaint handling, and ASB.
- **Satisfaction**
  - Overall satisfaction with complaint handling: **42.2%**
  - Tenant Satisfaction Measure with complaints handling: **23.2%** (↓compared to national median of 34%)

5.5.3 Learning Outcomes & Improvements

- **Repairs & Maintenance**
  - Live feedback survey introduced; complaints reduced by 27%.
  - New leak-handling process prevents premature job closures.
  - Repairs redesign underway to align with Awaab's Law (Oct 2025) and improve communication.
- **Damp, Mould & Condensation (DMC)**
  - Dedicated DMC team established.
  - Vulnerability-based prioritisation and increased treatments led to fewer open cases.
- **Anti-Social Behaviour (ASB)**
  - New ASB, Domestic Abuse, and Vulnerable Tenant policies implemented.
  - Staff training and case audits introduced to improve handling.
- **Complaint Handling**
  - Improved data collection and online accessibility.
  - 400+ staff trained on updated complaint procedures.
  - Quality audits of Stage 1 responses planned to ensure thoroughness and clarity.
- **Systems & Governance**
  - New Housing Management System launching Oct 2025.
  - Quarterly performance reporting to SMT, Cabinet, and Tenant Panels ensures accountability.

5.5.4 Conclusion

While improvements in complaint volumes and response times are evident, challenges remain in escalation rates and tenant satisfaction. The council has taken significant steps to embed learning, improve service delivery, and align with regulatory standards, with further enhancements planned for 2025/26.

6: Learning from complaints

6.0.1 Examples of leaning from complaints in 2024/5 are as follows. This is not an exhaustive report, but it gives some examples.

7

6.0.2   Complaints often lead to what could be considered routine or expected learning. In a large organisation, new staff may be joining services or taking on new roles, and the learning from a complaint is often specific to that individual—who may not have been aware of, or considered, a particular aspect of a decision. In other cases, complaints arise due to delays or high workloads, rather than a need for deeper organisational learning. However, even in these instances, the customer experience can reinforce the importance of keeping residents informed about timescales and any delays.

6.1 SEND

6.1.1   As reported to Executive Leadership Team and Corporate Governance & Audit Committee in previous years, the Corporate Customer Standards Service have been working closely with the SEND team on ongoing complaint matters.

6.1.2   Whilst there is evidence the service is consistently improving, there is a long lead time with complaints progressing through the process, and given residents might have contact with SEND for 20 years, historic issues can emerge.

6.1.3   We have been studying Ombudsman outcomes from Kirklees and also other councils to help inform and influence good practice. In particular, complaints have highlighted the need for the service to keep records of actions even where they have not led to specific outcomes, to help provide assurance that the young person's support is actively considered, and we have highlighted cases which demonstrate the link between SEND issues and the council's responsibility to find alternative educational provision.

6.2 Adults

6.2.1   A complex complaint with a service user and their representative identified that the service focussed on discussing issues in detail with the representative, without also always considering keeping the service user up to date on actions and offering them reassurance.

6.2.2   A lack of clarity over the precise use of a direct payment with a service user and carer was identified. The complaint was exacerbated by inconsistent decision making with assessing older submissions for payment. It was agreed that the clarity would be provided to the service user.

6.3 Refuse collection

6.3.1   The refuse service has undergone an extensive period of restructure with new wagons being introduced of a slightly wider size, which led to some streets being missed more regularly for collection because of obstructions. The crew rounds were also rearranged meaning staff were not always aware of the new rounds and in particular the assisted collect arrangements.

6.3.2   The complaints process emphasised the particular impact upon those residents requiring assisted collection, and the additional focus that Local Government Ombudsman decisions place on monitoring and quickly improving any failed bin collection for disabled residents.

6.4 Letters of apology and making effective remedies

6.4.1   Where error and loss is identified, the ombudsman will often recommend that the council issue a formal apology letter and an offer of a small symbolic amount of compensation. For these to be most effective and genuine, it is important that such payments and letters are issued as quickly as possible after the remedy has been agreed.

8

6.4.2   Unfortunately, there has been occasion where the services have not always ensured payments and apology letters are issued promptly. There have been administration/process failures in a small number of service areas due to service and process change, and these issues have been highlighted and addressed.

6.5 Childrens complaints

6.5.1   Learning from children's complaints in year include ensuring clear, timely communication is provided to children, young people and their families.

6.5.2   There was a complaint which identified a need to ensure handover processes between teams were further developed to ensure continuity and avoid delays, and ensuring decisions and plans are shared with relevant parties, and that records are kept up to date.

6.6 Disability adaptations

6.6.1   A piece of adaptation work was undertaken at a property, which the resident complained about and refused to allow the contractor to return. They did not realise it was their responsibility to manage the works with the contractor they had chosen, and they were in error when they expected compensation from the council. The service did intervene to try to remedy the problems, but better clarity is needed to reinforce the role the householder has to play in the works.

7: Complaints Procedure Review – Local Government Ombudsman's Code

7.7.1   The Local Government Ombudsman Code is set to be introduced in April 2026. This requires the Council to have a two stage complaints process (a service stage and a corporate stage) with timescales for response and a monitoring process to record progress.

7.7.2   Appendix 3 provides a summary of the Ombudsman's Code. We intend to introduce the code in January 2026, with a soft launch and be fully compliant with the Ombudsman's code for its start date of April 2026.

7.7.3   The committee and management meetings will be further updated re progress for April 2026.

8: Whistleblowing

8.1 The Head of Risk and the Corporate Customer Standards Officer co-ordinate investigations for those cases directly reported to the Whistleblowing telephone line and email address. Other investigations may take place through issues reported to the HR section, direct to Internal Audit, the external auditor or to the Chief Executive's Office.

8.2 It is worth noting that many of the cases received fall outside of the technical definition of a Whistleblowing complaint (the legislation seeks to protect internal staff if they "whistle-blow") and many concerns arrive from members of the public, or are anonymous.

8.3 Services are reminded that employee whistle-blowers are legally protected from persecution and that they must ensure that reviews are impartial and that concerns are reasonably considered.

8.4 Whistleblowing issues may be referred to the Corporate Governance and Audit Committee or to Scrutiny for their consideration. Those investigated by Internal Audit are reported as a part of other reporting mechanisms to Corporate Governance and Audit Committee.

8.5 Whistleblowing contact details when provided always remain confidential on request although whistle-blowers are always advised if in specific certain circumstances, they are likely to be identified, or if they are an employee they may have a legal responsibility to be open (but with the benefit of statutory protection).

8.6 During the year 2024-25, 22 Whistleblowing referrals were received via either the Whistleblowing e-mail address (www.whistleblowing@kirklees.gov.uk) or telephone (01484 225030). While it is 9 cases higher than the previous year, numbers remain within the long-term averages for the year.

8.7 The whistleblowing reports received and how they were dealt with can be found in Appendix 4.

9.   Implications for the Council

9.1   Working with People – It is important that consumer satisfaction is monitored and understood; the complaints process is a part of this.
9.2   Working with Partners – None directly; issues arising with partners would be referred for resolutions by them; Council /partner relationship issues are resolved outside of this process
9.3   Place Based Working – None directly
9.4   Improving outcomes for children– as addressed in the report/as 9.1
9.5   Climate change and air quality- None directly
9.6   Impact on the finances of local residents- None directly
9.7   Other (e.g., Legal/Financial or Human Resources)- Understanding where and how complaints arise is an important part of delivering better services. This often involves the service directly complained about, and support services

9   Contact officer : Chris Read, Corporate Customer Standards Officer 01484 221000

10 Appendices

Appendix 1: Comparison of Ombudsman Upheld Complaints per 100,000 population 2024/5 (2023/4 for comparison) – Yorkshire and Humber Councils

Council	2024/5	2023/4
Wakefield	1.7	2.2
Rotherham	2.2	1.5
North Lincs	2.4	5.9
Sheffield	2.8	3.5
Hull	2.9	4.6
York	3.4	3.4
Kirklees	**3.6**	**3.0**
Barnsley	3.6	3.2
NE Lincs	3.8	5.1
Doncaster	4.5	2.3
Bradford	4.6	3.6
East Riding	5.3	4.6
North Yorkshire	6.9	2.1

10

Leeds	7.4	5.3
Calderdale	10.5	9.1

Appendix 2: Decisions for Kirklees Metropolitan Borough Council between 01 April 2024 and 31 March 2025

There are 15 results published (please note that to maintain confidentiality, we do not publish all our decisions)

Summaries are provided by the Local Government Ombudsman and are unaltered.

- [Kirklees Metropolitan Borough Council (23 013 968)](#)

Statement Upheld Assessment and care plan 01-Apr-2024

Summary: There was a delay in completing a financial assessment which caused avoidable confusion, uncertainty and the shock of a large first bill. The Council has already reduced the bill and apologised, which is a partial remedy. It will offer a repayment plan and ensure there are enough staff to complete financial assessments without delay.

- [Kirklees Metropolitan Borough Council (23 010 850)](#)

Statement Upheld Special educational needs 02-May-2024

Summary: Mr and Mrs X complain about how the Council handled their daughter, S's, Education, Health and Care Plan provision. They say it delayed putting provision in place to ensure S's needs were met. This meant that S was left with little educational and therapeutic provision for longer than necessary. Mr and Mrs X would like the Council to apologise for the delays and pay them for the distress its actions have caused. We found the Council was at fault for the delays in the assessment process. The Council agreed to our recommendations and will address the injustice its actions caused to Mr and Mrs X as well as S.

- [Kirklees Metropolitan Borough Council (23 015 456)](#)

Statement Upheld Refuse and recycling 04-Jun-2024

Summary: Miss D says the Council repeatedly missed waste collections at her home. We have found evidence of fault by the Council and upheld the complaint. We completed the investigation because the Council agrees to take action including paying Miss D redress.

- [Kirklees Metropolitan Borough Council (23 014 389)](#)

11

Statement Upheld Charging 18-Jun-2024

Summary: Miss C complained on behalf of her father, Mr D that the Council had not provided clear and transparent information about the likely level of the contribution he would have to make towards his care charges before he agreed to a care package and then delayed in completing the financial assessment. We found the Council did not provide clear enough information about the likely level of the contribution and took 12 weeks to confirm the amount, causing a large debt to build up. The Council has agreed to pay £1000 to Mr D which can be offset against the outstanding amount, to agree an affordable repayment plan for the remaining debt and to improve its procedures for the future.

- [Kirklees Metropolitan Borough Council (24 002 949)](#)

Statement Upheld Charging 20-Aug-2024

Summary: We will not investigate this complaint about the cost of adult social care. The Council failed to explain why the reablement team was involved in this case and to clarify that it was not free. The Council also delayed completing its financial assessment and confirming the costs of the care. It has apologised for the upset and confusion and waived £100 from the bill. We are satisfied with the actions it has taken to acknowledge the impact of its fault. If there was no fault the full bill would be due.

- [Kirklees Metropolitan Borough Council (24 000 679)](#)

Statement Upheld Assessment and care plan 16-Sep-2024

Summary: Summary: Mr X complains on behalf of his father the Council failed to complete an assessment in the allocated time which led to him being in an unsuitable setting. Mr X says his family were charged for one-to-one care which he does not believe they should have been. Mr X says this has caused his family distress and they have incurred costs they shouldn't have. We have found fault in the actions of the Council for failing to advise the likely costs of the care. We recommend the Council apologises and pays a financial payment to Mr X.

- [Kirklees Metropolitan Borough Council (23 016 084)](#)

Statement Upheld Alternative provision 13-Oct-2024

Summary: Miss X complained the Council did not deliver appropriate education to her son after his exclusion from college and that its communication was poor. We found fault because the Council failed to adequately consider its statutory duties, consult with other providers in a timely manner or communicate with Miss X appropriately. Miss X suffered avoidable frustration and distress and her son missed out on some of the education he

12

should have received. To remedy the injustice caused by this fault, the Council has agreed to apologise, make a payment to Miss X, issue reminders and guidance to relevant staff and consider reviewing some of its policies and procedures.

- [Kirklees Metropolitan Borough Council (23 021 366)](#)

Statement Upheld Special educational needs 14-Nov-2024

Summary: Delay by the Council amending B's Education, Health and Care (EHC) Plan and finding a new school meant he was without a full-time school place for almost four terms. He received some alternative provision for much of this time, but we have no way of knowing whether this was enough. The Council has agreed a remedy.

- [Kirklees Metropolitan Borough Council (24 010 748)](#)

Statement Upheld Disabled facilities grants 18-Dec-2024

Summary: We will not investigate this complaint about a disabled facilities grant. Part of the complaint is late without good enough reason to investigate it now. More recent events have not caused significant enough unremedied injustice to warrant us investigating. It is unlikely an investigation would achieve significantly more.

- [Kirklees Metropolitan Borough Council (23 020 343)](#)

Statement Upheld Alternative provision 15-Jan-2025

Summary: Miss X complained the Council failed to provide her child, Y, with a suitable full-time education when they could not attend school, delayed issuing Y's Education, Health and Care (EHC) Plan in line with statutory timescales and handled her complaint poorly. The Council was at fault when it delayed issuing Y's EHC Plan, failed to properly consider the education Y received between mid-February 2023 and mid-June 2024 and delayed responding to Miss X's complaint. The Council will apologise for the uncertainty this caused Miss X, make a symbolic payment to acknowledge the distress, frustration and uncertainty caused and provide service improvements.

- [Kirklees Metropolitan Borough Council (23 020 343)](#)

Statement Upheld Alternative provision 15-Jan-2025

Summary: Miss X complained the Council failed to provide her child, Y, with a suitable full-time education when they could not attend school, delayed issuing Y's Education, Health and Care (EHC) Plan in line with statutory timescales and handled her complaint poorly. The Council was at fault when it delayed issuing Y's EHC Plan, failed to properly consider the education Y received between mid-February 2023 and mid-June 2024 and

13

delayed responding to Miss X's complaint. The Council will apologise for the uncertainty this caused Miss X, make a symbolic payment to acknowledge the distress, frustration and uncertainty caused and provide service improvements.

- [Kirklees Metropolitan Borough Council (24 001 973)](#)

Statement Upheld Adoption 20-Jan-2025

Summary: X complained about how the Council dealt with their complaints concerning children's and educational services for C. We found there was avoidable delay by the Council both in assessing C's educational needs and issuing a final Education, Health and Care Plan and in its children's statutory complaints procedure. The delays caused X and C avoidable distress and uncertainty, which the Council agreed to put right by sending them a written apology and making a symbolic financial payment.

- [Kirklees Metropolitan Borough Council (24 017 192)](#)

Statement Upheld Council tax 04-Mar-2025

Summary: We will not investigate this complaint about Council tax because the Council has remedied the matter, and any dispute is a matter for the Valuation Tribunal.

- [Kirklees Metropolitan Borough Council (24 015 943)](#)

Statement Upheld Assessment and care plan 17-Mar-2025

Summary: We will not investigate this complaint about the Council's communication with Mrs X and her father's lack of progress in a rehabilitation placement. The Council has already apologised to Mrs X for issues with its communication and we would be unlikely to achieve anything further. There is insufficient evidence of fault in the Council's assessment of Mr X and the service he has received in his placement, to warrant investigation by the Ombudsman.

- [Kirklees Metropolitan Borough Council (24 018 967)](#)

Statement Upheld Refuse and recycling 20-Mar-2025

Summary: We will not investigate this complaint about problems with the complainant's assisted bin collections. This is because the Council has provided a fair remedy.

14

- [Kirklees Metropolitan Borough Council (24 009 084)](#)

Statement Upheld Charging 27-Mar-2025

Summary: Ms Z on behalf of her mother Mrs X, complained the Council delayed completing a financial assessment and then wrongly included a property in the assessment. resulting in no care home fees being paid and Mrs X given notice to leave care home. The Council failed to complete the financial assessment in a timely manner resulting in the care home giving Mrs X 28 days' notice to leave the home. The Council should cover the full cost of the care home for the time Mrs X lived there.

Appendix 3 - Update on Introducing the Local Government Ombudsman Code

Purpose of report

To provide an update on the work required to implement the Local Government Ombudsman's (LGO) Complaints Code by April 2026. The report outlines the necessary changes to Kirklees Council's complaints procedure, including a shift to a 2-stage process, and highlights the support, training, and systems needed to ensure successful implementation.

The Ombudsman Code sets expectations for complaints handling, including timescales and an expectation of a consistent standard within the content of the response. It would usually sit alongside a general Customer Standards document and an Unreasonable Behaviour policy.

Actions

- Confirm the soft launch of the 2-stage complaints process in January 2026.
- Update the Kirklees Complaint Procedure and adopt the LGO's recommended complaint exclusions.
- Provide guidance and training to services on complaint handling, timescales, and remedies.
- Confirm the responsible Cabinet Member and Senior Officer for complaints.
- Develop a communications plan for staff.

Key Implementation Areas

1. Background and Rationale

- The LGO Code, while technically voluntary, is expected to be adopted by councils. It aligns with the Housing Ombudsman Code and aims to standardise complaint handling across local authorities.
- The Code introduces a 2-stage complaints process: Stage 1 (service-level response) and Stage 2 (corporate review).
- Councils are expected to complete a self-assessment and monitor performance using standard KPIs.
- Note the old stage 1 of the process was about raising an issue/enquiry with the service, and looking to address/respond to that issue. This remains but falls outside of the process.

2. Actions Required

2.1 Two-Stage Complaints Process

15

- Stage 1: A full service response, ideally within 15 working days (5 days to acknowledge, 10 to respond).
- Stage 2: A corporate review within 25 working days (including acknowledgment).
- The soft launch is proposed for January 2026, allowing a 3-month bedding-in period before full implementation in April.

2.2 Service-Level Implications

- Services must distinguish between service requests and formal complaints.
- Staff will need to identify when a query becomes a complaint.
- Services must maintain records of complaints, response times, outcomes, and learning points.

2.3 Complaint Exclusions

- Kirklees will adopt the LGO's recommended exclusions (e.g., legal matters, anonymous or late complaints, personnel issues).
- Each case must still be considered on its merits, with discretion applied where appropriate.

2.4 Service Feedback

Services were contacted and asked to provide their views on the work required for the new code

- Services raised concerns about meeting timescales for response, resource pressures, and the need for training and systems.
- Suggestions included developing a central database, standard templates, and clearer guidance on complaint definitions.

2.5 Communication with Residents

- Complaints must be acknowledged within 5 working days, with realistic timelines for full responses.
- Clear communication is essential to manage expectations and reduce follow-up queries.
- There appears to be little benefit in sharing general communication about the complaints process. Kirklees is adopting the Local Government Code, intended to be used in every council area. Residents will be guided through the new scheme as and when they need to complain.

2.6 Response Deadlines

- Stage 1: 15 working days total.
- Stage 2: 25 working days total.
- Services must monitor and report on compliance with these deadlines.

2.7 Key Performance Indicators (KPIs) From April 2026, the following KPIs will be tracked:

- Number of complaints received and excluded.
- Timeliness of responses at each stage.
- Outcomes (upheld, partially upheld, not upheld, resolved).
- Learning and remedies provided.

16

2.8 Resident Responsibilities

- Residents must escalate to Stage 2 within 20 working days (flexible in some cases).
- The Council can set reasonable expectations for complaint content and format.

2.9 Remedies

- Services are encouraged to resolve complaints early and consider appropriate remedies at Stage 1.
- The Customer Standards team will support services in applying the LGO's guidance on remedies.

2.10 Standardised Responses

- Templates for acknowledgments, holding letters, and decisions will be developed.
- AI may assist in drafting responses but must not compromise personalisation.

2.11 Contractors

- Contractors must follow the 2-stage process.
- Services must clarify whether the contractor or the Council handles each stage.

2.12 Surveys

- Resident and staff surveys will be introduced post-April 2026 to assess the effectiveness of the new process.

2.13 Responsible Officers

- A Cabinet Member and Senior Officer will be designated to oversee complaints and ensure learning is embedded (the Lead Cabinet Member for Corporate Services and Executive Director for Corporate Resources).

2.14 Risk Register

- Complaints will be included in the Council's Risk Register to reflect their importance in service improvement.

2.15 Member Enquiries

- Member enquiries on behalf of a resident may initiate complaints. If unresolved, they can escalate through the formal complaints process.

3. Internal Promotion Plan

- Internal promotion will raise awareness among managers and staff.
- Activities can include:
  - Clarifying the difference between service requests and complaints.
  - Highlighting new timescales and reporting duties.
  - Promoting LGO information and developing internal staff support advice.
  - Hosting virtual sessions and presentations at leadership events. Attending SLT's

4. Analysis of other Council's work on introducing the code

17

A number of councils have presented details of their intention to introduce the code.

Areas highlighted for consideration include concerns about:

- the flexibility to deal with complaints which perhaps do not travel in the standard two stage process (for example complaints that are particularly complex with a number of elements).
- Identifying a complaint at an early stage and defining the difference between service request and complaint
- Whether the number of stage 2 complaints will increase (and numbers cited by those councils ahead of Kirklees appear to bear this out).
- The additional administration required to collate statistics and to send acknowledgement letters
- The ability of all services to meet the specified deadlines
- The potential for additional time spent monitoring late responded to complaints

5**. Next Steps**

- Confirm implementation details, training plans, and responsible officers.
- Monitor service readiness and resource needs.
- To update SLT and CGAC on progress for April 2026.

Appendix 4: Whistleblowing 2024/5

In 2024/5 we received 22 Whistleblowing approaches. This number is broadly similar to pre-covid times, a period where we experienced a dip in the number of contacts.

The 22 can be summarised as follows:

Concerns about staff behaviours/practices (9)

A complaint about unfavourable treatment at work. It was connected with a grievance issue.

A concern about the behaviour of a support worker for an adult was raised. While the person was not employed by the council, it was fully investigated and disciplinary action instigated.

Issues around the role of cleaning/caretaking services at a school was highlighted as a concern. The matter was investigated and a member of staff voluntarily offered to work elsewhere to avoid a personality clash.

A concern was raised about the conduct of a social worker in their personal life. The matter was fully investigated by the service and HR, and no issues were identified, and the situations highlighted explained.

A concern was raised about the conduct of a staff member in their personal life. A discussion was held with the staff member, although the allegation did not affect their working role.

A concern was raised about the conduct of a staff member and substance abuse, and how it was affecting their working role. A full HR investigation into the conduct of the individual was already taking place.

A concern of bullying in the workplace was received. As the WB did not wish to put themselves forward to make complaint, general training and discussions about workplace behaviour was

18

shared within the team to seek to improve management relations with staff. We did not receive further complaint.

An allegation that a staff member might be altering benefit records to the detriment of the claimant was received. No evidence was identified and the records had not been altered.

An allegation that an individual was working while receiving sick pay was received, some allegations about the nature of the sickness was also received. The matter was investigated and the person was not identified to be working elsewhere, and the reason for sickness absence had been evidenced.

Concerns about process (8)

A complaint about the use of stock at a young person's community home. The allegations were reviewed by our internal audit department, and the management at the home committed to ensuring more monitoring of expenditure.

A complaint about practices at a young person's community home was formally investigated with HR involvement.

A concern was raised about the suitability of accommodation used by a young person. The circumstances behind the placement were considered and found to be consistent with policy.

A concern about the operation of a care home where Kirklees residents are placed was received. A full site visit took place.

Another example was raised about treatment of staff at a non Kirklees council run care home. No issues relating to residents, but was passed to the commissioning team to consider. Concerns about staffing levels at a care home was received. A full site visit was arranged to check the conditions for residents at the home.

An investigation took place about how a compensation scheme was administered within a council department. Following an audit, it was concluded there was some training on the scheme required as there were a small number of examples where it had been mis-recorded or miscalculated.

A concern was raised about a recruitment process where the successful candidate did not have the full experience specified in the job profile . It was confirmed that the recruitment was conducted properly and there was a considered reason for the recruitment, and experience in the candidates previous employment.

School Matters (5)

Three School staff matters – which was passed onto the school management to consider, and the process monitored to ensure that matters were progressed.

A concern of inappropriate contract giving at a school was investigated by audit. No substance to the allegations.

A concern about inappropriate use of funds at a school was received. Investigated by audit – no substance to the allegation identified.

19

10   **Service Director responsible:** Samantha Lawton, Service Director Legal and Commissioning

Kirklees
COUNCIL

REPORT TITLE: Contract Management Arrangements Update

Meeting:	Corporate Governance and Audit Committee
Date:	28 November 2025
Cabinet Member (if applicable)	Cllr Nosheen Dad Portfolio Holder for Adults and Corporate
Key Decision Eligible for Call In	No No

Purpose of Report

This report provides an update to the committee on the work undertaken in relation to the Auditors' recommendation regarding contract management and to obtain feedback from the committee.

Recommendations

That committee are asked to: -

- Consider and note the contents of the report.
- Provide feedback and comments on the Council's response to the external auditor's recommendation.

Reasons for Recommendations

To ensure the committee is sighted and has input into the contract management process based on their experience as an audit committee.

Resource Implications: There are no direct resource implications.	
Date signed off by <u>Executive Director</u> & name	**Rachel Spencer-Henshall** – Deputy Chief Executive and Executive Director for Public Health and Corporate Resources 17/11/25
Is it also signed off by the Service Director for Finance?	**Kevin Mulvaney** – Service Director Finance 17/11/25
Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?	**Samantha Lawton** – Service Director Legal & Commissioning 16/11/25

1

Electoral wards affected: All

Ward councillors consulted: Not applicable

Public or private: Public

Has GDPR been considered? Yes

1.   Executive Summary

1.1   The Auditors' Annual Report 2023/24 provided the recommendation below in relation to contract management.

1.2

Improvement Recommendation 9	The council should develop an action place to address the weaknesses in contract management arrangements and ensure that the actions are delivered consistently and at pace, including lack of contract management with the District Heating Service This requires further cross-Council action.

1.3   In response to the recommendation, a Contract Management Transformation Project was established in April 2025 to drive improvement across the organisation. The initiative focused on laying strong foundations and embedding core principles to better support colleagues involved in contract management activities.

1.4   A detailed action plan was developed and a stakeholder team established, to ensure delivery of key milestones and outcomes at pace. The development of supporting resources was informed by a comprehensive benchmarking exercise, drawing on public sector best practice from the governments National Procurement Policy Statement, Crown Commercial Services (CCS), the Cabinet Office, Local Partnerships, and other Local Authorities.

1.5   The current model of contract management responsibilities remains within service directorates responsibility and continues with more robust and clear governance arrangements in place.

2.   Information required to take a decision

2.1   The project divided the work into different work streams to address the recommendation.

Learning Resource

2.2   We have created a comprehensive learning resource to support colleagues in understanding key processes, roles, and expectations related to effective contract management. This is available to all Council staff online via the MyLearning platform.

2.3   The learning resource has been promoted alongside a free supplementary training opportunity offered by the Crown Commercial Service, enabling colleagues to deepen their understanding of contract management and enhance their professional development.

Contract Management Framework

2.4   The Procurement Team has designed and implemented a risk tiering tool to assess and categorise contracts based on potential expose to financial, operational and other risks. They have designed and developed a Contract Management Framework, which provides a consistent and scalable approach across teams and service areas, to ensure contracts are being managed more consistently. The framework is attached at **Appendix A.**

2.5   The Procurement Team has developed a suite of practical tools and templates to empower staff in managing contracts more confidently and efficiently.

Governance Framework

2.6   Arrangements are now in place for the Procurement Team to attend Senior Leadership Team meetings on a quarterly basis to report on current contracts, data inconsistencies and enable directorates to have increased oversight and accountability in relation to contract management. Senior Leadership Team (SLT) meetings are meetings held by each Executive Director with their Service Directors to discuss upcoming reports and decisions and other operational issues.

2.7   The project team collaborated with the Contract Assurance & Oversight Board to update and refresh the strategic governance framework, ensuring that contract breaches and waivers are formally monitored, recorded, and addressed in line with organisational standards. This includes annual reporting from 26/27 to Members which is new and updated Terms of reference for the Contract Assurance & Oversight Board. A copy is attached at **Appendix B.**

Data Management

2.10   The contracts register has been reviewed, updated and refined to enhance data quality and improve the visibility of contract-related information. A dedicated Business Support role has been recruited and allocated to maintain the accuracy and integrity of the register on an ongoing basis within the Procurement Team. The register is now published online regularly in Excel format in addition to its availability via the e-Tendering portal and is available via a dedicated procurement web page which brings together all procurement related information in one place.

2.11   To enhance transparency and oversight, tailored dashboards are currently being developed for each service area, providing a clear view of essential contract information. This will include expiry dates, renewal timelines and extension information. These dashboards will support proactive contract management by increasing visibility of renewal dates and help identify any agreements that exist but have not yet been formally recorded on the central register.

2.12   Work has commenced and is ongoing to map current SAP spend data against the live contract data from the Contracts Register. This aims to improve transparency and oversight by providing a clearer view of contract-related expenditure, enabling more effective contract monitoring.

2.13   **Implications for the Council**

2.1   **Council Plan**

3

The refreshed Contract Management Framework and governance will support the Council Plan by using contract management activity to help achieve the Council's wider objectives and outcomes and delivering contracts efficiently and effectively.

2.2 Financial Implications
None directly

2.3 Legal Implications
The Council is required to ensure its procurement practices are undertaken in accordance with the Local Government Act 1988, the Procurement Act 2023, the Public Contracts Regulations 2015, the Provider Selection Regime and any associated guidance and policy notes that are issued by the Cabinet Office.

2.4 Climate Change and Air Quality
None directly

3.5 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)
None directly

3. Consultation

N/A

4. Engagement
Engagement has been conducted with a number of services and stakeholders across the organisation, Yorkshire and Humber Contract Management Subgroup, the Portfolio Holder, other Local Authorities alongside consideration of the government National Procurement Policy Statement which sets out some principles in relation to Contract management and the Corporate Governance and Audit committee.

5. Options

5.1 Options considered
N/A

5.2 Reasons for recommended option
N/A

6. Next steps and timelines

6.1 The contract management improvements will continue within the transformation work including examining contract management roles and resource planning and will be reported to Directorate Change Board chaired by the Deputy Chief Executive and Executive Director for Public Health and Corporate Resources. The approach and learning will continue to be evaluated and reviewed at the end of the year to monitor and identify uptake, usage patterns, and feedback to identify gaps and opportunities for improvement.

6.2 Procurement will establish a cross-service Contract Management Network which will be a quarterly forum with representation from across the council to share insights and lessons learned, promote consistency and collaboration and embed best practice across the

4

organisation.

6.3   Evaluate the effectiveness of the refreshed governance and contract management framework once it has been embedded in practice and identify any further enhancements through the transformation programme.

7   Contact officer

Samantha Lawton, Service Director Legal, Governance & Commissioning, (01484 221 000, email – Samantha.lawton@kirklees.gov.uk)

Ruth Calladine, Head of Procurement & Commissioning Support (01484 221000, email – ruth.calladine@kirklees.gov.uk)

8   Background Papers and History of Decisions
N/A

9   Appendices
Appendix A – Contract Management Framework
Appendix B – Strategic Governance Framework

10   **Service Director responsible**
Samantha Lawton, Service Director Legal, Governance & Commissioning

5

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Contract Management Framework

Table of Contents

1. The Purpose of Contract Management

The Council uses external suppliers for the purchase of goods, services and works. This offers a range of advantages, such as access to external expertise and resources that may not be available internally.

It is essential that each Council contract is overseen by the Service accountable for delivering the goods, services, or works specified within the contract.

Contract management helps the Council make sure money spent on external suppliers is well controlled and delivers the expected results. It also increases the chances of achieving value for money, realising non-commercial benefits such as delivery of social value outcomes, reducing risks, and encouraging suppliers to offer creative solutions to provide innovation in response to local need.

As a public body, the Council must be transparent about its spending. Strong contract management supports transparency and ensures decisions made around contracts are clear and accountable.

Contract Management

Ensure that the Council only pays for goods/ services/works received, at the contracted rates

Ensure value for money is achieved

Manage added social value built into contracts

Manage and mitigate risk

Realise opportunities for innovation

Support transparency

2.   The Contract Management Framework

2.1 The Purpose of the Contract Management Framework

This contract management framework aims to outline an expected approach to running contracts across the Council whilst also providing guidance, tools and templates. This is framed within the context of Council services having a unique set of outcomes and therefore the framework aims to be scalable and flexible, acknowledging there may need to be different approaches within services. Whilst it is firmly the duty of services to deliver on their contracts, the framework provides a set of requirements and principles to create a degree of consistency across the Council.

Therefore, the framework aims to:

- Enable better management of contracts across the Council in terms of the approach, use of resources and governance

- Provide support to officers who manage spend and hold relationships with third-party suppliers

- Provide guidance on managing contracts proportionate to the level of spend, risk and impacts on residents

- Outline a set of standards and best practice activity to ensure an appropriate approach to managing contracts

- Provide a series of tools and templates to support the management of contracts.

It is also crucial that the Council knows how well contracts are being delivered across the organisation and the requirements as outlined in the framework will be used as a baseline to assess compliance and highlight areas of good practice.

2.2 When and How to Use

The framework follows the **contract management lifecycle** from contract handover to preparing for re-procurement.
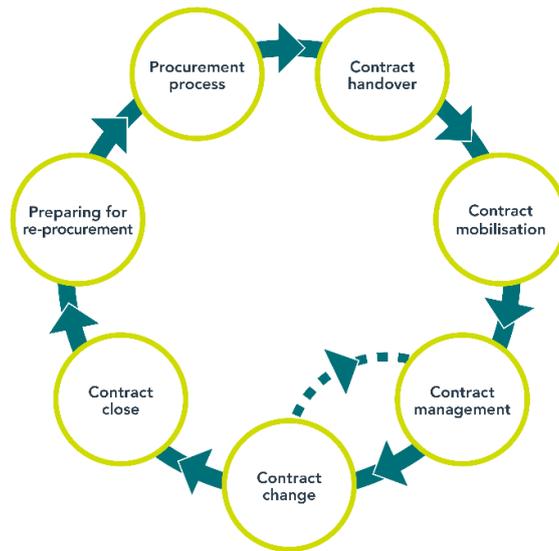
Figure 1 – Contract Management Lifecycle

The foundations for successful post-award contract management are supported by a thorough procurement process ensuring all the right elements are included in the specfication that forms part of the contract. This includes making sure the following are clearly set out:

Clearly defined measurables with KPIs	Pricing and payment mechanism	Terms relating to extensions and break clauses
Roles and responsiblies of both parties	Social value measures and how they are monitored	Reporting requirements
Dispute resolution and escalation processes	Contract variation processes and governance	Continuity and risk ownership
Mobilisation time scale and plan	Continous improvement and innovation	Health and Safety monitoring
Data and information management	Communiction protocols	Exit strategy

Contract management is not a linear process, therefore it is recognised that stages might need to be repeated (e.g. contract variation) and different steps taken at different points depending on the scale of a contract (e.g. for high value contracts preparing for re-procurement may start soon after the original contract is signed). The framework will also be accompanied by a set of tools and templates to assist in managing contracts. These will be continuously improved, so please ensure the most up to date version is being used via the contract management pages on the intranet.

The framework lists the fundamental requirements of all contracts, and outlines some of the roles and responsibilities, as well as going into detail on the expected activity for contracts determined as gold, silver or bronze.

For the purposes of this framework the term "supplier" will be used to refer to any third party organisation that is awarded a contract for goods, works or services (for simplicity, referred to as services).

Page 39

3. Being Proportionate Through Contract Tiering

There is a strong emphasis in this framework on contracts being managed proportionately based on:

- **Financial value**: The higher the value of the contract, the more financial risk to the Council

- **The level of risk**: In addition to financial risks, other risks might be associated with the contract such as the complexity of the requirement, the contract duration, health and safety, reputational risk, volatility in the market and market behaviours

- **Impact to services**: This relates to the importance of the service in meeting the needs of residents, particularly the most vulnerable, or to the operation of the Council as a whole, and what impact contract failure may have, plus the ability to switch suppliers or reprocure the contract

At the start of a procurement, a tiering assessment will be undertaken by the Procurement Lead and Project Lead. The Council measures risks and impacts through a Tiering Tool, providing inputs to assess if the contract is considered gold, silver or bronze. These are outlined below and will determine the level of management, reporting and scrutiny needed.

Tier	Description of Tiering
Gold	Contracts have the ability to place the Council at financial risk if they were to fail, and can have a significant impact on service delivery. • The Council is reliant on the contract for delivery of a strategic priority • The Council is reliant on the contract for delivery of a key public service • Involve high financial value or exposure • Have limited market alternatives • Are complex or highly integrated
Silver	Silver contracts place the Council at less financial risk and whilst important for service delivery are not critical to the delivery of important services to the public. • The contract could put at risk the Council's ability to deliver public services • Involve moderate financial value or exposure • Have viable alternatives available in the market • Are less complex and easier to replace or manage

Tier	Description of Tiering
Bronze	Other contracts do not have a significant impact on the Council's day-to-day operations. ▪ The contract is unlikely to put overall public service delivery at risk ▪ Involve lower financial value or exposure ▪ Are easily sourced or replaced in the market ▪ Require standard contract management with low complexity

Table 1

4. Fundamental Requirements and Tiered Activity of Contract Management

Regardless of the contract tier, there are a number of fundamental activities each contract should follow and that a contract manager should undertake:

- Know what is expected in their role and raise if there any concerns or queries

- Where contract management responsibilities are carried out as part of a person's job role, ensure that sufficient time is allocated within the working week to undertake contract management duties

- Be proactive in managing the contract through monitoring the performance of suppliers

- Only authorise payment on agreed performance outcomes, checking invoices next to the payment terms

- Be aware of risk, continuity of the contract, health and safety and the obligations on the supplier (and sub-contractor) such as statutory requirement of GDPR, modern slavery, bribery and corruption – addressing and raising concerns when they arise

- Be alert to factors that may impact the contract whether social, economic and political – including changes in the circumstances of the supplier that could affect delivery

- Ensure you have the right people involved at the right level - this will include a designated contract manager and a senior responsible owner (where applicable)

- Follow the correct reporting routes to report on contract delivery, health and variations

- Take responsibility for continuous learning and networking across the Council to maximise the contract value

- Keep effective records and notes, that can be accessed by others (particularly of agreed modifications and changes) – this helps with audits, cost control, FOI requests, and any challenges from the current or potential supplier.

The table below outlines the range of requirements that should be conducted in relation to the assigned tiering level of the contract (lower tiered contracts can still follow the activity as best practice) and a summary of activity aligned to the stages in the contract management lifecycle with reference to the tools and templates:

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Contract Handover					
Service has identified a designated "contract manager", acknowledging this may only be part of someone's role				✓	
Ensure that a deputy contract manager is appointed (in case of absence, change in job roles or a member of staff leaving the Council) and that records are kept of any changes in contract manager throughout the duration of the contract				✓	
Ensure senior responsible owner (SRO) is in place (where applicable)	✓	✓			
Assemble a Project Team to support the progress of the contract	✓	Best Practice			
Receive handover documentation/ briefing from the Procurement Team outlining key aspects of the requirements				✓	Contract Handover template
Set up a new supplier on SAP with purchase order, based on the agreed payment mechanism				✓	
Contract Mobilisation					
Hold internal mobilisation meeting and populate plan for mobilisation				✓	Mobilisation Plan
Hold initiation meeting with the supplier				✓	Contract Start Up Meeting Agenda
Schedule on-going contract review meetings with supplier; agree TORs/norms to ensure meetings are effective and lead to action	✓	✓	Best Practice		
Conclude TUPE arrangements and finalise other supplier mobilisation arrangements (where applicable)				✓	

1

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Review and update the Contract Management Plan no less than every six months	✓				
Review and update the Contract Management Plan no less than annually		Best Practice			
From the Contract Management Plan establish and use a performance tracker for measuring deliverables including KPIs and social value	✓	✓	Best Practice		
Establish a joint risk register with the supplier	✓				Joint Risk Register
Obtain a Business Continuity Plan (BCP) from the Supplier	✓	✓	Best Practice		
Assess Business Continuity Plan to ensure it is adequate to deliver the product/service. Check for annual testing, activations of the plans and reviews.	✓	✓	Best Practice		
Contract Management					
Day to day management of the contract; monitor delivery of agreed actions				✓	
Receive and assess regular reports on performance from suppliers to inform payments – ensuring delivery is on track and accurate before authorising invoices				✓	
Receive a monitoring report (to be received in advance of the review meeting)				✓	
Conduct supplier review meetings in accordance with timeframes and requirements in the specification, to ensure the contract is on track, including social value results				✓	Contract Review Meeting Agenda
Collaborate with suppliers on improvement if performance is not as expected				✓	
Escalate failed performance, taking corrective and correct action				✓	

2

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Work with the supplier to agree an improvement plan where a contract is failing, before a formal change or termination				✓	
Lessons learnt captured on a no less than annual basis, generated with the supplier and forming part of performance reporting	✓	✓	Best Practice		Joint Lessons Learned Template
Reviews: • Conduct financial and business checks once a year • Receive alerts of changing circumstances in the market or with the supplier • Request copies of insurance certificates and send to the Insurance Section				✓	
Keep the Contract Management Plan up to date				✓	
Keep the Risk Register up to date	✓				
Provide Procurement Team with details required for publication of Contract Performance Notice for contracts over £5m (not required for LTR)				Required for all contracts valued over £5M (not LTR)	Contract Performance Notice Template
Network across the Council and with other local authorities where the supplier has multiple contracts to share knowledge, approach and practices	Best Practice	Best Practice	Best Practice		
Contract Change					
Consider if a change/ modification is needed by the Council to improve the service offer or for another stated reason				✓	

3

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Properly value all modifications/ changes. Require information to justify any modification where the rates/ prices for goods/ services do not form part of the agreed contract				✓	
Draft a contract modification request form for approval through the correct level of decision making and ensure that cost implications of any modifications/ changes are agreed with the Procurement & Legal Teams				✓	Contract Modification Request Form
Issue a contract modification or early termination (in accordance with Contract Procedure Rules), and prepare for re-procurement if necessary				✓	Legal Templates/ Forms
Record change on the change control log and inform stakeholders				✓	Change Control Log
Provide Procurement Team with details required for publication of Contract Change Notice or Below Threshold Modification				✓	Contract Modification Request Form
Provide Procurement Team with details required to update the contracts register with information relating to the change				✓	
Ensure modifications/changes are recorded and stored; ensure all modifications inc. exemptions are in accordance with the Contract Procedure Rules and the Council's scheme of delegation				✓	
Contract Close					
Agree a high-level exit plan with the Supplier, covering succession/handover e.g. data, property, TUPE	✓	✓	Best Practice		

4

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Conduct lessons learnt, involving supplier and contribute to options for re-procurement	✓	✓	Best Practice		Lessons Learned Template
Implement exit arrangements including serving supplier notice				✓	Exit Plan (outlined in the Contract)
Appoint an exit manager if different from the contract manager	✓	✓	Best Practice		
Implement the range of decommissioning arrangements including data management, asset transfer, intellectual property etc.				✓	
Communicate end of contract to stakeholders				✓	
Contract close report on achieved outcomes contributing to the corporate/Council Plan	✓	✓	Best Practice		Contract Close Report
Provide Procurement Team with details required for publication of a Contract Termination Notice				✓	
Preparing for Re-Procurement					
Review the need and design of the contracted service to determine future method of delivery				✓	
Engage with the market to match service need to potential provision by the provider				✓	Options Appraisal
Conduct options assessment with the Procurement Team as part of the Procurement Strategy including insourcing, routes to market and ceasing the service				✓	
Ensure internal governance processes are complied with				✓	

5

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
A procurement strategy/ route to market assessment produced working with the Procurement Team				✓	
Assist the Procurement Team with the inclusion of the procurement on the Contracts Pipeline (if applicable)				✓	
Provide Procurement Team with details required for publication of Preliminary Market Engagement Notice and Tender Notice				✓	

Table 2

5. Roles and Responsibilities

The various parties involved in successfully managing a contract have a range of roles and responsibilities, and it is important that each person understands their roles and responsibilities and how these relate to the role of others.

The following is a list of key roles:

Role Title	Key Activities
Contract Manager (the role of managing a contract is often just one part of someone's roles)	A contract manager ensures the supplier delivers the contract, managing change when needed and reporting on the contract's progress. • **Contract creation and negotiation**: designing the specification when involved in the procurement • **Contract delivery**: oversee the execution of contracts, ensuring that suppliers fulfil their contractual obligations and coordinate with various departments (e.g. legal, finance, procurement) to ensure smooth contract implementation and following the correct change process • **Performance monitoring**: monitor the performance of the supplier, ensuring that timelines, deliverables, and standards are met • **Reporting**: regular reporting on the status of contracts, including any issues, performance metrics, or financial implications • **Payments**: authorising payments against delivery of goods/services/works, ensuring the invoices are correct against the agreement and paid in accordance with the payment mechanism • **Risk management**: identify potential risks and set actions that mitigate those risks • **Dispute resolution**: where possible resolve disputes to minimise impact to the Council, escalating those disputes if needed and handle breaches including working with the legal services on a course of action • **Compliance and regulatory adherence**: ensure the Council and supplier are meeting the statutory requirements and financial compliance/checks • **Project management and documentation**: manage the day-to-day operation of the contract, organise the project board (where applicable), ensure all contract-related documentation is organised, easily accessible, and up-to-date including notes, records and minutes • **Contract renewal and termination**: evaluate the future delivery options for the service including if still needed, in-sourcing or continued delivery through a contract

Role Title	Key Activities
	• **Continuous improvement**: continually seek to maximise the outcomes of the contract, including taking pre-emptive actions through horizon scanning along with recording lessons learnt from the contract.
	• **Stakeholder communication and relationship management**: assess stakeholders and the corresponding types of engagement; whilst maintaining positive relationships with parties involved in the contract, ensuring open communication, collaboration and transparency.
	• **Necessary authorisation of any contract modifications/ changes within Council approved procedures**: determine if a decision requires Cabinet approval, a KDN or a DDN, and ensure compliance with CPRs and FPRs.
The Senior Responsible Officer (SRO) (this role will only be applicable to gold and silver tier contracts)	An SRO in contract management will not be involved in the day-to-day activity of the contract but plays a pivotal role in providing support to the contract manager in resolving issues and guiding implementation. The level of this role will be dependent upon the risk and the complexity of the contract and would be determined by the service.

• **Strategic oversight and decision making:** ensures the contract aligns with the Council's strategic objectives and long-term vision and makes higher level decisions that cannot be resolved by the contract manager. Ensures that any decisions needed align with Council requirements (as set out in the Constitution)

• **Accountability and responsibility**: ultimately accountable for the delivery of the contract (including making sure that a robust business continuity plan is in place to ensure continuity of service delivery in case of a disruption), overseeing the work of the contract manager to ensure implementation is on-track, and compliance with the requirements in the Contract Management Framework

• **Resource allocation**: assesses the resources needed to deliver the contract, appointing the contract manager with the right skills and experience, and addressing resource barriers to delivery

• **Management and support**: manages the contract manager through line or matrix management, providing support and advising when needed, as well as assessing/addressing the performance and compliance of the contract manager

• Lead on dispute resolution: takes a lead on resolving or escalating disputes with suppliers, working with senior management and legal services on a course of action

• Wider organisational learning: involved in lessons learnt to inform wider learning of contract management when fulfilling the legal and corporate priorities of the Council |

Role Title	Key Activities
Procurement Team	• **Procurement Advice**: Provide guidance in shaping and refining the Procurement Strategy, ensuring alignment with the Council's priorities, legal obligations and market opportunities. • **Procurement Process Oversight**: Lead and manage the end-to-end procurement process up to the point of contract award and formal handover to the designated contract manager. This includes assisting with finalising specifications, coordinating evaluations and ensuring due diligence. • **Publication of Notices Required Under Procurement Act 2023**: publish notices on the Find a Tender System during the life of the contract (based on information provided by Contract Managers) and ensure review is undertaken by Contract Assurance Board prior to publication, where required. • **Ongoing Advice and Support**: Serve as a point of reference for contract modifications, extensions and re-procurement decisions. Offer informed advice on broader contract management matters to ensure continuity and compliance. • **Guidance and Signposting**: Signpost contract managers to relevant resources, training and tools. Support understanding of procurement procedures, policies, and statutory requirements. • **Contract Management Framework**: Lead the design, development, and rollout of the Council's Contract Management Framework. • **Tools and Systems Development**: develop tools, templates and systems (in conjunction with contract management users)
Legal Services	• Advise on the terms and conditions for inclusion in contracts, creating bespoke terms where applicable • Creating and signing of contracts on behalf of the Council • Provide commercial legal advice in relation to contract terms and contract disputes • Involvement in escalated disputes • Agree contract modifications including early termination • Undertake contract novations where applicable
Requisitioners	• Raise orders in SAP or other systems • Liaise with contract manager to ensure payments proceed smoothly
Contract Users	• Uses an existing Council contract and may contact the contract manager for details as to how to place orders.

Role Title	Key Activities
Assurance Board	Ensure corporate approach to contract management matters is undertaken to facilitate lawful and robust decisions that support the Council Plan Priorities. Duties include: • Provide strategic leadership, advice, support, checks and challenges to complex contract matters • Provide regular review of underperforming contracts • Escalate high risk breaches

Table 3

6. Learning and Additional Resources

The table below outlines the learning that a Contract Manager should undertake in relation to the assigned tiering level of the contract that is being managed:

Activity	Gold Tier	Silver Tier	Bronze Tier	Tools and Templates
The contract manager to undertake internal Introduction to Contract Management course on My Learning	✓	✓	✓	Available on the My Learning section of the intranet
The contract manager to undertake the Contract Management Foundation course on the Government Commercial College website	✓	Best Practice	Best Practice	Available on the Government Commercial College
The contract manager to undertake the Contract Management accredited courses on the Government Commercial College website, if available	✓			Available on the Government Commercial College
Sign up for relevant contract best practice and information updates from relevant sources e.g. CIPS, relevant advisory bodies, local government networks	✓	Best Practice	Best Practice	

Table 4

To assist Contract Managers in their role, the intranet pages have a range of information available, including templates, tools and links to additional resources.

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Appendix B -Refreshed Governance

Kirklees COUNCIL

Cabinet Members
Executive responsibility

Contract Assurance Board -Corporate Enablers
Ad hoc Escalation of any contract breaches/exemptions high value / high risk
Quarterly review of contracts under performing KPI's for contracts over £5m. Or construction above threshold £5.3m

Members - Cabinet

Members – Corporate, Governance & Audit Committee

ELT

Contract Assurance Board

Place SLT

Children & Families SLT

Adults SLT

PH&CR SLT

Page 55

Contract Managers & Heads of Service

CGAC Members (Member Chair)
Annual reporting of high risk / high value exemptions / breaches – continue to be developed

ELT'S - Chaired by the Chief Executive with Executive Directors and statutory officers
As directed by Contact Assurance Board
Monthly copy of notes from CAB
Escalation of high value / high risk breaches / escalations

SLT'S - Chaired by Executive Directors with Service Directors
Quarterly review of contracts within their directorate & performance data
Any new contracts procured under the procurement act 2023 and their KPIs (for contracts over £5m) Escalations of any breaches / exemptions. Review of directorate level trends & risks
Procurement Specialist to attend SLT on a quarterly basis. High risk contracts highlighted as directed by SLT

Contract Managers
Day to day management. Escalation of performance issues to HoS
Heads of Service
Oversight of contracts within their department. Escalation of performance issues to SLT

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Kirklees COUNCIL

Report title: Half Yearly Monitoring report on Treasury Management activities 2025/26

Meeting:	Corporate Governance and Audit Committee
Date:	28 November 2025
Cabinet Member (if applicable)	Councillor Graham Turner
Key Decision Eligible for Call In	No No

Purpose of Report

The Council has adopted the CIPFA Code of Practice on Treasury Management. It is a requirement of the Code that regular reports be submitted to Members detailing treasury management operational activity. This report is the mid-year for 2025/26 covering the period 1 April to 30 September 2025.

Recommendations

Corporate Governance and Audit Committee are asked to note the treasury management performance during the first half of 2025/26 as set out in this report, prior to its submission to Cabinet and Council.

Reasons for Recommendations

It is a requirement of the Code that regular reports be submitted to Members detailing treasury management operational activity.

Resource Implications:

There are no additional resource implications required as part of this report.

Date signed off by <u>Executive Director</u> & name	N/A
Is it also signed off by the Service Director for Finance?	Kevin Mulvaney – 12/11/2025
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Sam Lawton –12/11/2025

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.   <u>Summary</u>

1.1   The report gives assurance that the Council's treasury management function is being managed prudently and pro-actively and that the Council complied with its treasury management prudential indicators in the year (Appendix 4).

1.2   External investments, including the £10.0 million Local Authority Property Fund (LAPF), averaged £98.8 million during the period at an average rate of 4.21%. Investments ranged from a peak of £139.2m million in July 2025 to a low of £58.0 million in April 2025.

1.3   The large range in investment balances are as a result of receiving significant cash sums at the start of the month, for example DSG (Dedicated Schools Grant) monies and Council Tax/NNDR, which result in peaks of cash for a short period of time.

1.4   The Council's net borrowing increased by £10.2 million in the 6 month period, from £715.4 million at 31 March 2025 to £725.6 million at 30 September 2025.

1.5   All treasury management activities undertaken during the period complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in Appendix 1.

1.6   The treasury management revenue budget for 2025/26 is £36.1 million. This is covered in more detail at paragraph 2.5.1 later in this report.

1.7   This report includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal quarterly revenue reports along with the treasury management indicators.

2   <u>Information required to take a decision:</u>

2.1   Introduction

2.1.1   The treasury management strategy for 2025/26 was approved by Council on 5 March 2025. The over-riding policy continues to be one of ensuring the security of the Council's balances. The Council aims to invest externally balances of around £30.0 million, largely for the purpose of managing day-to-day cash flow requirements

2.1.2   The investment strategy is designed to minimise risk, with investments being made primarily in instant access accounts or short-term deposits, with Money Market Funds, the Debt Management Office (DMO), Local Authorities and major British owned banks and building societies. Diversification amongst counterparties is key.

2.2   The Economy and Interest Rates

2.2.1   UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in September, still well above the Bank of England's 2%

target. Core inflation also rose, from 3.4% to 3.5% over the same period while services inflation remained flat at 4.7%.

2.2.2 The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.2% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3 (July to Sept).

2.2.3 Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts.

2.2.4 The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.

2.2.5 Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

2.2.6 The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target (2%) by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium-term outlook will be influenced by domestic and global developments.

2.2.7 After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.

2.2.8 Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

2.3 Local Context

2.3.1 On 30 September 2025, the Council had net borrowing of £725.6 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

	Actual 2024/25 £m	Revised Forecast (Sep 25) 2025/26 £m	Strategy Estimate (Jan 25) 2025/26 £m
General Fund CFR - Non PFI	694.0	774.5	848.0
PFI	38.3	34.6	33.9
HRA CFR - Non PFI	159.1	159.1	160.1
PFI	47.9	44.5	49.3
Total CFR **	**939.3**	**1012.7**	**1091.3**
Less: PFI debt liabilities	86.2	79.1	86.0
: Other debt liabilities	4.3	3.5	3.4
Borrowing CFR	**848.8**	**930.1**	**1001.9**
Less actual external borrowing *	774.0	771.9	657.6
Internal (over) borrowing	74.8	158.2	344.3
Total borrowing	**848.8**	**930.1**	**1001.9**
Less: Balance sheet resources**	133.4	122.0	103.2
Net borrowing	**715.4**	**808.1**	**898.7**
Investments	58.6	30.0	30.0

*shows only loans to which the Council is committed to the year end and excludes future borrowing and refinancing
**slight difference to outturn report due to late IFRS16 journal posting of £0.9 million

2.3.2 The treasury management position at 30 September 2025 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.03.25 Balance £m	Movement £m	30.09.25 Balance £m	30.09.25 Weighted Average Rate %
Long-term borrowing:				
PWLB	623.3	-6.4	616.9	4.27
LOBOs	30.8	0.0	30.8	4.39
Loan Stock	7.0	0.0	7.0	11.60
Other LT Loans	40.0	0.0	40.0	3.89
Other MT Loans	31.4	17.0	48.4	4.46
Short-term borrowing	41.5	5.1	46.6	4.55
Total borrowing	**774.0**	**15.7**	**789.7**	**4.35**
Long-term investments	10.0	0.0	10.0	N/A
Short-term investments	18.0	8.8	26.8	N/A
Cash and cash equivalents	30.6	-3.3	27.3	N/A
Total investments	**58.6**	**5.5**	**64.1**	**N/A**
Net borrowing	**715.4**	**10.2**	**725.6**	

2.4 Investment Activity

2.4.1 The Council invested an average balance of £98.8 million externally (excluding the LAPF) during the period (£51.6 million in the first six months of 2024/25), generating £1,910k in investment income over the period (£1,330k in 2024/25). The LAPF investment of £10.0 million generated £193k of dividend income during the period (£227k in the first six months of 2024/25).

2.4.2 LOBO repayments of £30.0 million were considered likely in the first six months of the year which were never called, and a large receipt of £24.0 million from WYCA received in advance of expenditure in April, has resulted in higher-than-normal cash balances compared to the 2025/26 strategy.

2.4.3 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 on incurring losses from defaults and the risk of receiving unsuitably low investment income.

2.4.4 Balances were mainly invested in instant access accounts such as Money Market Funds, short term deposits, Debt Management Office (DMO), Local Authority fixed term deposits and the LAPF. Appendix 1 shows where investments were held at the start of April, the end of June and September by counterparty, by sector and by country.

2.4.5 As demonstrated by the liability benchmark in this report at Appendix 4, the Council expects to be a long-term borrower and treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.

2.4.6 Bank Rate fell from 4.50% to 4.25% in May 2025 then again to 4.00% in August 2025, with short term rates largely being around these levels. The rates on Debt Management Account Deposit Facility (DMADF) ranged between 3.95% and 4.45% and Money Market Rates between 3.98% and 4.54%.

2.4.7 The Council's average investment rate for the period was 4.21%. This is down on the average in the same period in 2024/25 of 5.06%, in line with the falling base rate. Returns on liquid cash balances were 4.25%

2.4.8 The Council continues to hold £10 million of strategic investment in the Local Authorities Pooled Investment Fund (LAPF). The fund returned a net yield of 3.86% after deducting charges. The actual gross dividend yield quoted from the fund on Net Asset Value was 4.59% at the end of September for the last 12 months, and the fund size was £1,044.6 million (5.21% and £1,032.3 million respectively for the 12 months to September 2024).

2.4.9 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 3 to 5-year minimum period total returns will exceed cash interest rates.

2.4.10 The chart at Appendix 3, provided by Arlingclose, compares the Council's performance against other Local Authorities at the end of September. In order to gain better rates of return, the majority of Local Authorities with a higher rate of return have further external investments creating a more diverse portfolio.

2.5 Revenue Budget Monitoring

2.5.1 The treasury management budget is £36.1 million. Forecasted outturn is currently under budget by £1.8 million and this position is reflected in the Council's Q2 financial report to Cabinet later this month. This reflects higher levels of investment balances resulting in increased investment income versus expectation and new borrowing taken at an average rate below what was budgeted (4.69%).

2.6 Borrowing Update

2.6.1 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 decisions that will increase the Capital Financing Requirement, 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

2.6.2 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.

2.6.3 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. The Council's borrowing is undertaken for these purposes only.

2.6.4 After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.

2.6.5 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%.

2.6.6 The PWLB HRA rate which is 0.4% below the certainty rate is available up to March 2026. This discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans, though this hasn't been utilised in this period as the HRA continues to use balance sheet resources to fund expenditure.

2.7 Borrowing Activity

2.7.1 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. At the present time short term interest rates are higher than long term interest rates.

2.7.2 In terms of borrowing, long-term loans (including LOBO's - see paragraph 2.7.6) at the end of September totalled £743.1 million (£732.6 million 31 March 2025) and short-term loans £46.6 million (£41.5 million 31 March 2025).

2.7.3 Fixed rate loans account for 96.00% of total long-term debt giving the Council stability in its interest costs. The maturity profile for long-term loans is shown in Appendix 2 and shows that no more than 10.56% of 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 future years when interest rates might be at a relatively high level.

2.7.4 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark (see Appendix 4), which also considers usable reserves and working capital. The mid-year forecasted liability benchmark, based on updated capital plans, highlights that there is an expectation of additional borrowing of £66.2 million for the year.

2.7.4 During the period £10.0 million of PWLB EIP loans were taken along with £57.5 million of medium term loans from other Local Authorities. These loans provide some longer-term certainty and stability to the debt portfolio. A mixture of short, medium-term and further PWLB will be taken during the remainder of the year to fund the additional borrowing required. The rate assumption in the treasury budget for 2025/26 is 4.69%.

Medium and Long-term loans taken during the period 01/04/25 to 30/09/25

	Loan Period	Amount £m	Rate %	Date to be repaid
PWLB (EIP) 816261	5 years	10	4.59%	11/4/2030*
Test Valley Borough Council	5 years	2.5	4.90%	01/05/2030
West of England Combined Authority	1 year	10	4.88%	30/04/2026
Wealden District Council	1 year	5	4.80%	14/05/2026
South Yorkshire Mayoral Combined Authority	3 years	10	4.59%	03/04/2028
Devon & Somerset Fire & Rescue Service	2 years	5	4.30%	04/05/2027
PCC for West Yorkshire	1 year	10	4.25%	14/07/2026
West Midlands Combined Authority	2 years	5	4.10%	30/07/2027
West Midlands Combined Authority	1 year	5	4.10%	10/08/2026
Leicester City Council	2 years	5	4.10%	15/09/2027
Total		**67.5**		

*EIP final repayment date

2.7.5 Appendix 5 sets out in year repayments on long-term borrowing and further re-payments for the next 6 months.

2.7.6 The Council has £30.0 million of LOBO (Lender's Option Borrower's Option) loans 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 and terms or to repay the loan at no additional cost.

2.7.7 As market rates remain high, there is an increased probability of call options on the LOBOs being exercised by lenders. No LOBO loans were called during the 6 month period to September 2025, however there remains a possibility they could within the next 12 months and as such have been classified as short-term borrowing in the debt maturity table in Appendix 2.

2.7.8 If the option is exercised and an increased rate proposed, the Council plans to repay the loan at no additional cost as accepting the revised terms would mean the Council would still have refinancing risk in later years. If required, the Council will repay the LOBO's by borrowing from other local authorities or the PWLB.

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 4. Indicators relating to affordability and prudence are highlighted in this appendix.

2.8.2 In line with the investment strategy, the Council has not placed any direct investments with companies as defined by the Carbon Underground 200.

2.8.3 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.

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 have been reflected in revenue budget monitoring reports during the year and the 2026/27 budget will be set to reflect the investment as per the capital plan and using the latest advice on forecast interest rates.

3.3 **Legal Implications**
N/A

3.4 **Climate Change & Air Quality**
N/A

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

4 Consultation
This report has been prepared by the Service Director - Finance, in consultation with the Executive Leadership Team.

5 Engagement
N/A

6 Options

6.1 **Options Considered**
N/A

6.2 **Reasons for Recommended Option**
N/A

7 Next steps and timelines
Comments and feedback from CGAC will be incorporated into this report which will be subsequently presented to Cabinet and Council in January.

8 Contact Officer
James Anderson   Head of Accountancy   01484 221000
Rachel Firth   Finance Manager   01484 221000

9 Background Papers and History of Decisions
CIPFA's Prudential Code for Capital Finance in Local Authorities.
CIPFA's Code of Practice on Treasury Management in the Public Services.
CIPFA's Treasury Management in the Public Services – Guidance notes
The treasury management strategy report for 2025/26 - Council 5 March 2025
Council Budget Strategy Update Report 2026/27 – Council 17 September 2025
Annual Report on Treasury Management 2024/25 - Annual Financial Outturn Report 2024/25; Council 16 July 2025.

10   Appendices
Appendix 1: Investments 25/26
Appendix 2: Debt Maturity
Appendix 3: Average Return on Total Investments
Appendix 4: Treasury Management Prudential Indicators
Appendix 5: Long-term loans
Appendix 6: Treasury Management Practices (TMP)
Appendix 7: PWLB Borrowing Rates Table
Appendix 8: Glossary of Treasury Terms

11   Service Director responsible
Kevin Mulvaney   01484 221000

Kirklees Council Investments 2025/26

Counterparty		Approved Strategy Limit £m	Approved Strategy Credit Rating	Credit Rating Sept 2025*	1 April 2025 (opening)			30-Jun-24			30-Sep-25		
					£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment
Specified Investments													
LAPF	Property Fund	10.0	-	-	10.0	-	***	10.0	-	***	10.0	-	***
DMO	Central Government	Unlimited	-	F1+/AA-	18.0	-	Fixed Deposit	0.9	4.21%	Fixed Deposit	26.8	-	Fixed Deposit
PCC for Lancashire	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	10.0	4.30%	Fixed Deposit	-	-	Fixed Deposit
Royal Borough of Windsor & Maidenhead	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	5.0	4.25%	Fixed Deposit	-	-	Fixed Deposit
Uttlesford District Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	3.0	4.35%	Fixed Deposit	-	-	Fixed Deposit
West Northamptonshire Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	6.0	4.30%	Fixed Deposit	-	-	Fixed Deposit
Central Bedfordshire Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	5.0	4.30%	Fixed Deposit	-	-	Fixed Deposit
Wirral Borough Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	10.0	4.30%	Fixed Deposit	-	-	Fixed Deposit
Luton Borough Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	5.0	4.30%	Fixed Deposit	-	-	Fixed Deposit
Reading Borough Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	5.0	4.30%	Fixed Deposit	-	-	Fixed Deposit
Barclays Deposit Account	Bank	10.0	-	F1/A+	0.8	3.90%	Fixed Deposit	0.0	4.30%	Fixed Deposit	0.0	3.40%	Fixed Deposit
Aberdeen Standard	MMF**	10.0	AAA-A	AAA	10.0	4.50%	MMF	10.0	4.30%	MMF	9.9	4.08%	MMF
Aviva	MMF**	10.0	Aaa-A2	Aaa*	10.0	4.54%	MMF	10.0	4.32%	MMF	9.9	4.09%	MMF
Deutsche	MMF**	10.0	AAA-A	AAA	10.0	4.50%	MMF	9.9	4.30%	MMF	7.5	4.09%	MMF
Goldman Sachs	MMF**	10.0	AAA-A	AAA	0.0	4.41%	MMF	6.2	4.23%	MMF	0.0	4.02%	MMF
					58.7			96.0			64.1		
Sector analysis													
Property Fund		10.0			10.0	17%		10.0	10%		10.0	16%	
Local Authorities		10.0			0.0	0%		49.0	51%		0.0	0%	
Bank		10.0			0.8	1%		0.0	0%		0.0	0%	
MMF**		50.0			30.0	51%		36.1	38%		27.3	43%	
Central Government		Unlimited			18.0	31%		0.9	1%		26.8	42%	
					58.7	100%		96.0	100%		64.1	100%	
Country analysis													
UK					28.7	49%		59.9	62%		36.8	57%	
MMF**					30.0	51%		36.1	38%		27.3	43%	
					58.7	100%		96.0	100%		64.1	100%	

*Fitch short/long term ratings, except Aviva MMF (Moody rating). See next page for key. The use of Fitch ratings is illustrative – the Council assesses counterparty suitability using all 3 credit rating agencies, where applicable, and other information on credit quality.

**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.
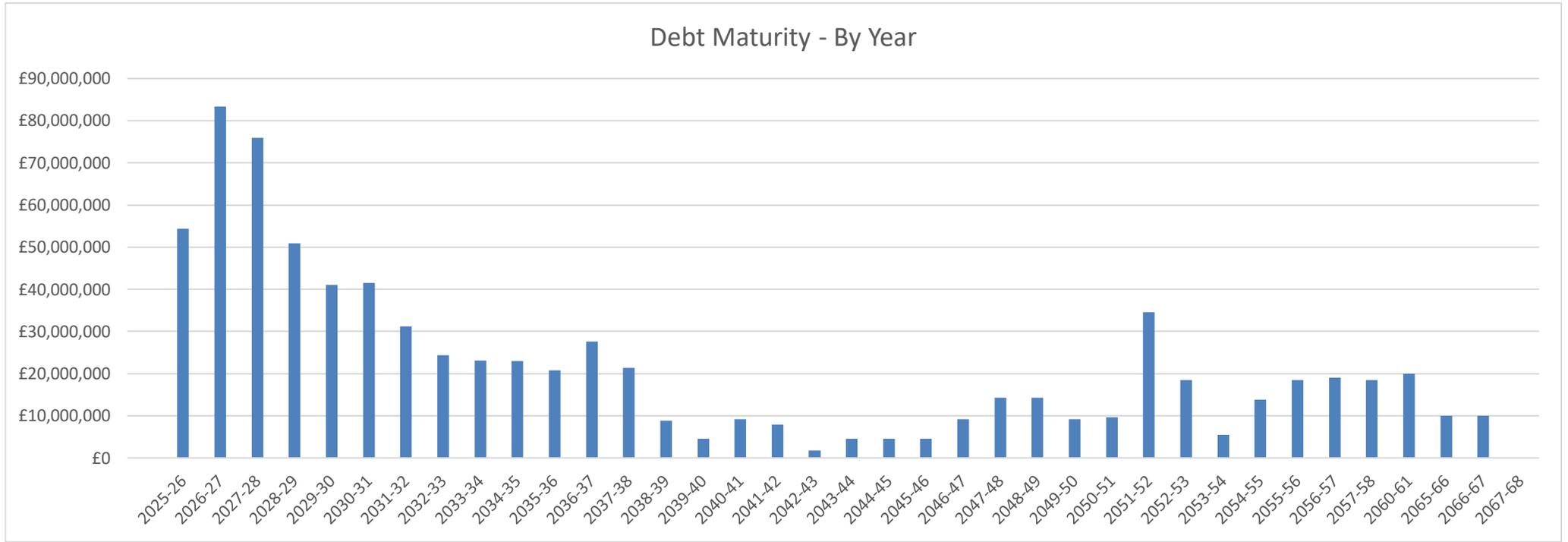
***Specialised property fund available for Local Authority investors.

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

Debt Maturity - By Year

Total Return on Total Investment Portfolio (Internal & External Funds)

The rate of return has been calculated as:

External pooled funds: total return (capital and income) for the past year.
Other investments: effective interest rate (EIR) of investments held at the quarter end date.

Since investment portfolios change over time, this will not equal your actual rate of return for the past year, but is a snapshot of current returns.
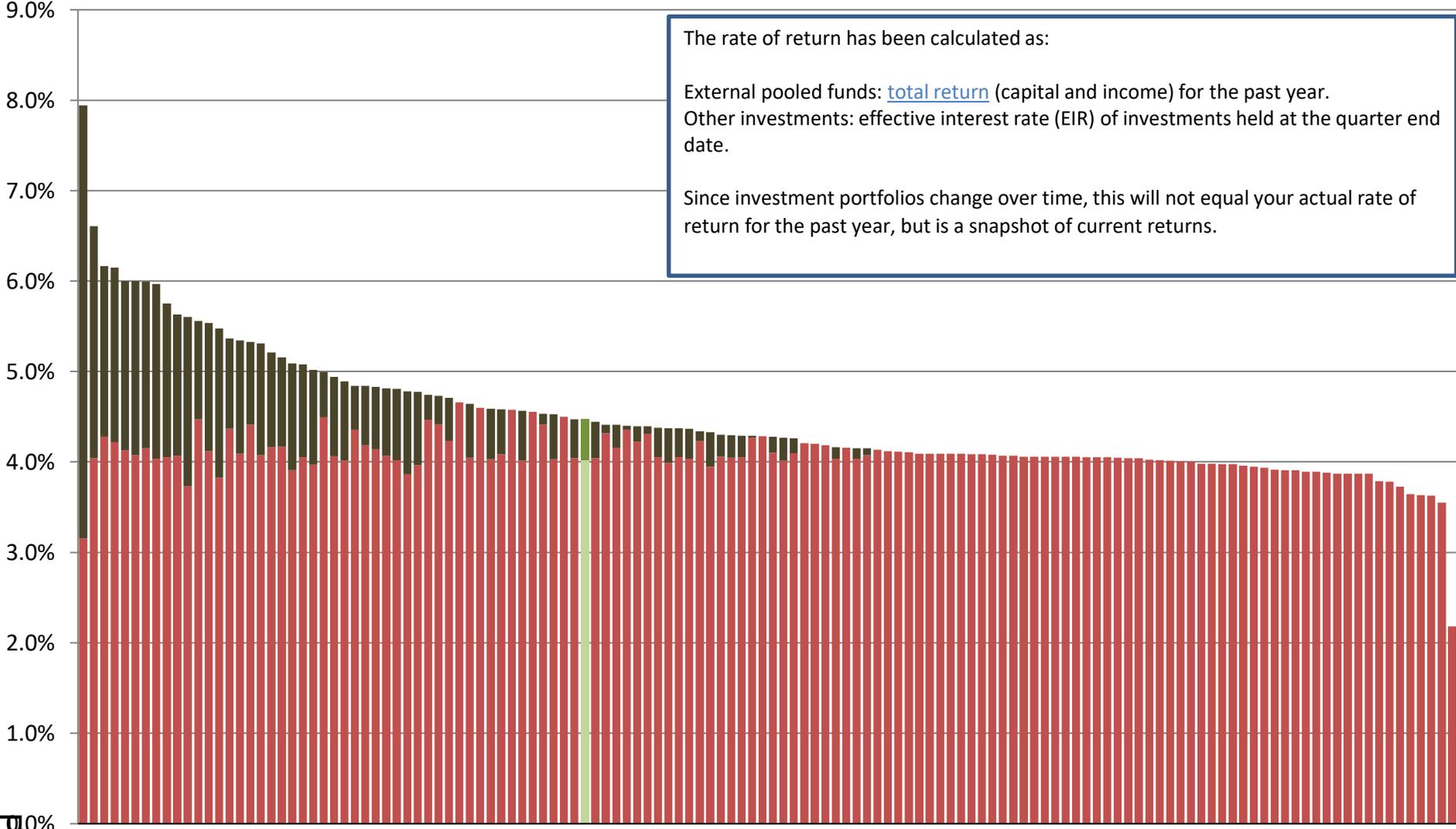
Legend:
- ■ Average rate on internal investments
- ■ Over-performance of external funds
- ■ Kirklees - 30/09/25

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.

	31.03.25 actual £m	31.03.26 forecast £m	31.03.27 forecast £m	31.03.28 forecast £m
Loans CFR	**849.7**	**930.1**	**1076.3**	**1166.5**
Less: Balance sheet resources	134.3	122.0	123.0	123.0
Net loans requirement	**715.4**	**808.1**	**953.3**	**1043.5**
Plus: Liquidity allowance	58.6	30.0	30.0	30.0
Liability benchmark	**774.0**	**838.1**	**983.3**	**1073.5**
Existing borrowing	**774.0**	**771.9**	**673.4**	**607.5**

Following on from the medium term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £90.0 million in 2025/26, minimum revenue provision based on asset life and reduction in balance sheet resources of £12.3 million.

Liability Benchmark - Kirklees MBC
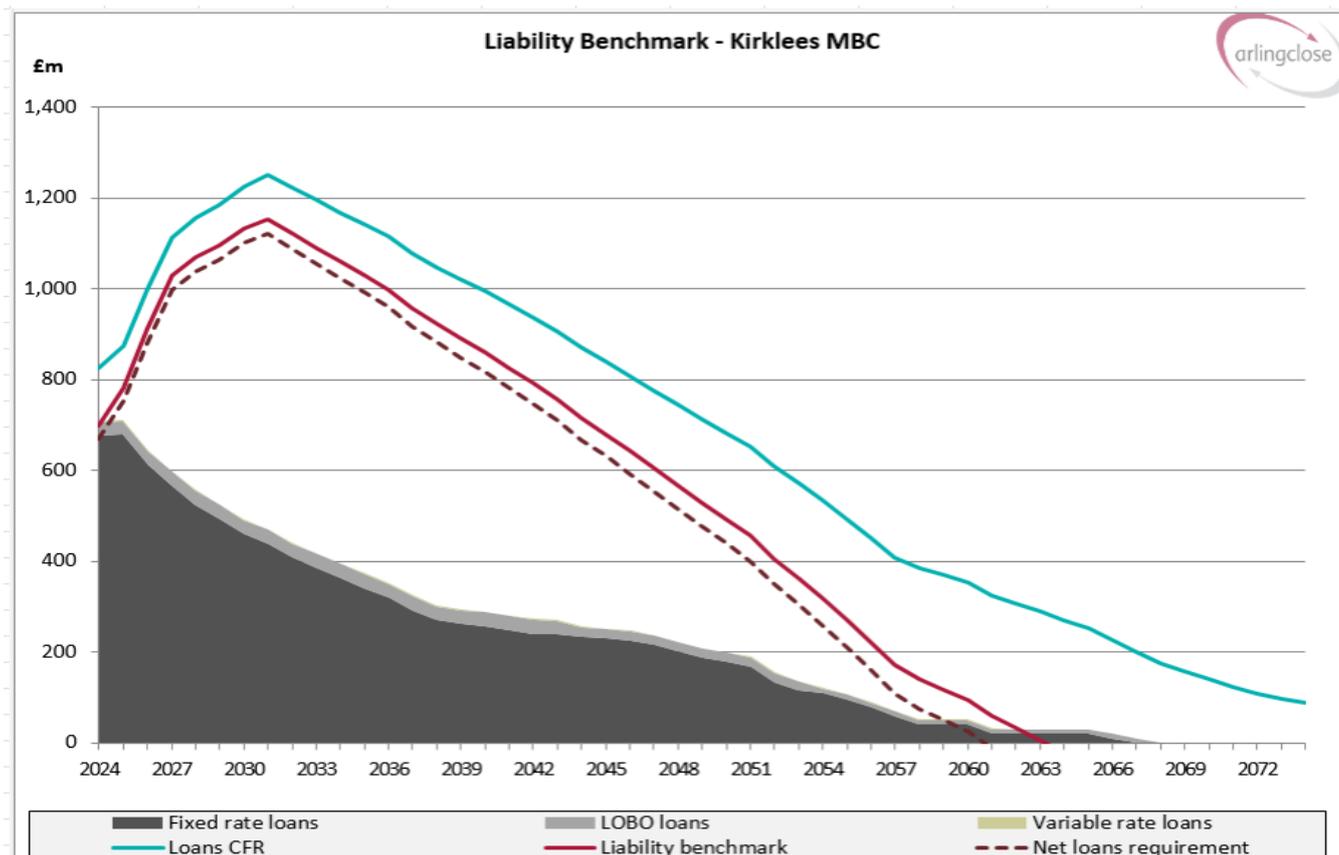
The total liability benchmark is shown in the chart above together with the maturity profile of the Council's existing borrowing. The red line is the liability benchmark reaching a peak in 2032 highlighting the gap between current borrowing identified in grey, which is reducing over time with repayments, 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	30.09.25 actual	Complied
Under 12 months	20%	0%	7%	Yes
12 months and within 24 months	20%	0%	11%	Yes
24 months and within 5 years	60%	0%	21%	Yes
5 years and within 10 years	80%	0%	18%	Yes
10 years and above	100%	20%	43%	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 £20.9 million have a potential repayment date during 2025/26 and have been included in the under 12 months line and an option of £10.0 million has a potential repayment date during 2026/27 and has been included in the 12 months and within 24 months.

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:

	2024/25	2025/26	2026/27	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.

Interest Rate Exposures

For context, the changes in interest rates during the half year were:

	01.04.25	30.09.25
Bank Rate	4.50%	4.00%
1-year PWLB certainty rate, maturity loans	4.82%	4.58%
5-year PWLB certainty rate, maturity loans	4.94%	4.95%
10-year PWLB certainty rate, maturity loans	5.38%	5.53%
20-year PWLB certainty rate, maturity loans	5.88%	6.14%
50-year PWLB certainty rate, maturity loans	5.63%	5.98%

Long-term loans repaid during the period 01/04/25 to 30/09/25

Counterparty	Amount £000s	Rate %	Date repaid
South Yorkshire Mayoral Combined Authority	10,000	1.50%	01-Apr-25
Salix (Annuity)	182	0.00%	01-Apr-25
Salix (Annuity)	168	0.00%	01-Apr-25
PWLB (EIP) 674705	333	5.02%	14-Apr-25
PWLB (EIP) 711011	2,000	5.42%	14-Apr-25
PWLB (EIP) 340221	250	1.63%	27-Apr-25
West Yorkshire Combined Authority	5,000	5.15%	30-Apr-25
Wealden District Council	5,000	4.80%	15-May-25
PWLB (EIP) 439173	250	1.66%	17-May-25
PWLB (EIP) 677193	333	4.85%	22-May-25
PWLB (EIP) 778241	263	5.00%	27-May-25
PWLB (EIP) 779247	313	4.95%	29-May-25
PWLB (EIP) 680811	833	4.83%	06-Jun-25
PWLB (EIP) 685435	769	4.59%	20-Jun-25
PWLB (EIP) 685834	769	4.37%	23-Jun-25
PWLB (EIP) 785403	313	4.91%	23-Jun-25
PWLB (EIP) 739810	833	4.67%	30-Jun-25
PWLB (EIP) 373440	250	1.46%	14-Jul-25
Leicester City Council	10,000	2.00%	15-Jul-25
PWLB (EIP) 794097	500	5.05%	24-Jul-25
PWLB (EIP) 643579	278	5.01%	28-Jul-25
PWLB (EIP) 795087	417	5.01%	29-Jul-25
PWLB (EIP) 594601	500	4.10%	31-Jul-25
PWLB (EIP) 594848	536	3.99%	01-Aug-25
PWLB (EIP) 797366	455	4.95%	06-Aug-25
PWLB (EIP) 538379	500	2.60%	09-Aug-25
PWLB (EIP) 751915	455	4.37%	12-Aug-25
PWLB (EIP) 799800	545	4.79%	13-Aug-25
Oxfordshire County Council	5,000	2.00%	15-Aug-25
PWLB (EIP) 487385	250	2.28%	21-Aug-25
Salix (Annuity)	186	0.00%	01-Sep-25
PWLB (EIP) 313112	250	1.64%	04-Sep-25
PWLB (EIP) 493145	250	1.98%	09-Sep-25
PWLB (EIP) 759388	208	4.52%	12-Sep-25
PWLB (EIP) 711013	385	4.75%	15-Sep-25
PWLB (EIP) 808715	500	4.85%	17-Sep-25
PWLB (EIP) 712740	357	4.59%	19-Sep-25
PWLB (EIP) 713074	357	4.64%	22-Sep-25
PWLB (EIP) 608189	667	4.15%	22-Sep-25
PWLB (EIP) 659904	333	5.06%	22-Sep-25

Counterparty	Amount £000s	Rate %	Date to be repaid
PWLB (EIP) 660447	333	5.08%	22-Sep-25
PWLB (Annuity) 496956	463	4.58%	29-Sep-25
PWLB (EIP) 661522	357	5.00%	29-Sep-25
Total	**51,941**		

Long-term loans to be repaid during the period 01/10/25 to 31/03/26 (excludes LOBO options)

Counterparty	Amount £000s	Rate %	Date to be repaid
Salix (Annuity)	168	0.00%	01-Oct-25
PWLB (EIP) 674705	333	5.02%	13-Oct-25
PWLB (EIP) 711011	2,000	5.42%	13-Oct-25
PWLB (EIP) 816261	1,000	4.59%	13-Oct-25
PWLB (EIP) 340221	250	1.63%	27-Oct-25
South Yorkshire Mayoral Combined Authority	5,000	5.40%	17-Nov-25
PWLB (EIP) 439173	250	1.66%	17-Nov-25
PWLB (EIP) 677193	333	4.85%	24-Nov-25
PWLB (EIP) 778241	263	5.00%	26-Nov-25
PWLB (EIP) 779247	313	4.95%	01-Dec-25
PWLB (EIP) 680811	833	4.83%	08-Dec-25
PWLB (EIP) 685435	769	4.59%	22-Dec-25
PWLB (EIP) 685834	769	4.37%	22-Dec-25
PWLB (EIP) 785403	313	4.91%	23-Dec-25
PWLB (EIP) 739810	833	4.67%	29-Dec-25
PWLB (EIP) 373440	250	1.46%	12-Jan-26
PWLB (EIP) 794097	500	5.05%	26-Jan-26
PWLB (EIP) 795087	417	5.01%	26-Jan-26
PWLB (EIP) 643579	278	5.01%	27-Jan-26
PWLB (EIP) 594601	500	4.10%	31-Jan-26
PWLB (EIP) 594848	536	3.99%	01-Feb-26
PWLB (EIP) 797366	455	4.95%	06-Feb-26
PWLB (EIP) 538379	500	2.60%	09-Feb-26
PWLB (EIP) 751915	455	4.37%	12-Feb-26
PWLB (EIP) 799800	545	4.79%	13-Feb-26
PWLB (EIP) 487385	250	2.28%	21-Feb-26
Salix (Annuity)	186	0.00%	01-Mar-26
PWLB (EIP) 313112	250	1.64%	04-Mar-26
PWLB (EIP) 493145	250	1.98%	09-Mar-26
PWLB (EIP) 759388	208	4.52%	12-Mar-26
PWLB (EIP) 711013	385	4.75%	13-Mar-26
PWLB (EIP) 808715	500	4.85%	17-Mar-26
PWLB (EIP) 712740	357	4.59%	19-Mar-26
PWLB (EIP) 713074	357	4.64%	20-Mar-26
PWLB (EIP) 608189	667	4.15%	21-Mar-26
PWLB (EIP) 659904	333	5.06%	23-Mar-26

		Amount	Rate %	Date to be repaid
PWLB (EIP) 660447		333	5.08%	23-Mar-26
PWLB (EIP) 661522		357	5.00%	27-Mar-26
PWLB (Annuity) 496956		473	4.58%	29-Mar-26
Total		**22,770**		

Medium and Long-term loans taken during the period 01/04/25 to 30/09/25

	Loan Period	Amount £m	Rate %	Date to be repaid
PWLB (EIP) 816261	5 years	10	4.59%	11/4/2030*
Test Valley Borough Council	5 years	2.5	4.90%	01/05/2030
West of England Combined Authority	1 year	10	4.88%	30/04/2026
Wealden District Council	1 year	5	4.80%	14/05/2026
South Yorkshire Mayoral Combined Authority	3 years	10	4.59%	03/04/2028
Devon & Somerset Fire & Rescue Service	2 years	5	4.30%	04/05/2027
PCC for West Yorkshire	1 year	10	4.25%	14/07/2026
West Midlands Combined Authority	2 years	5	4.10%	30/07/2027
West Midlands Combined Authority	1 year	5	4.10%	10/08/2026
Leicester City Council	2 years	5	4.10%	15/09/2027
Total		**67.5**		

*Final EIP payment date

TREASURY MANAGEMENT PRACTICES

The following Treasury Management Practices (TMPs) set out the manner in which the Council aims to achieve its treasury management policies and objectives, and how it will manage and control those activities.

1.   **TMP 1 Risk management**

The Service Director - Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

   (i)   Credit and counterparty risk management

The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, methods and techniques are listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

   (ii)   Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

   (iii)   Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

   (iv)   Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

   (v)   Refinancing risk management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and

as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

(vi)   Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1(i) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Council.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

(vii)   Fraud, error and corruption, and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption, or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

(viii)   Market risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

2.   **TMP2 Performance measurement**

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery and of other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

3.   **TMP3 Decision-making and analysis**

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

4.   **TMP4 Approved instruments, methods and techniques**

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice when entering into arrangements to use such products.

5. **<u>TMP5</u> Organisation, clarity and segregation of responsibilities, and dealing arrangements**

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Service Director - Finance will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Service Director - Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule to this document.

The Service Director - Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegation to the Service Director - Finance in respect of treasury management is set out in the schedule to this document. The Service Director - Finance will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, as a CIPFA member, the Standard of Professional Practice on Treasury Management.

6. **<u>TMP6</u> Reporting requirements and management information arrangements**

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Council will receive:
- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs.

The present arrangements and the form of these reports are detailed in the schedule to this document.

7. **<u>TMP7</u> Budgeting, accounting and audit arrangements**

The Service Director - Finance will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with the TMPs. Budgeting

procedures are set out in the schedule to this document. The Service Director - Finance will exercise effective controls over this budget, and will report any major variations.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of this function's accounts is set out in the schedule to this document.

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule to this document.

8. **TMP8 Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Service Director - Finance and, with the exception of Secondary Schools' bank accounts, will be aggregated for cash flow purposes. Cash flow projections will be prepared on a regular and timely basis, and the Service Director - Finance will ensure that these are adequate for the purposes of monitoring compliance with TMP1(i) Liquidity risk management. The present arrangements for preparing cash flow projections are set out in the schedule to this document.

9. **TMP9 Money laundering**

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will ensure that staff involved in treasury management activities are fully aware of their responsibilities with regards this. The present safeguards, including the name of the officer to whom any suspicions should be reported, are detailed in the schedule to this document.

10. **TMP10 Training and qualifications**

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The present arrangements are detailed in the schedule to this document.

The Service Director - Finance will ensure that Members of the committee providing a scrutiny function have access to regular training relevant to their responsibilities.

11. **TMP11 Use of external service providers**

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. However, it also recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources.

When it employs such service providers, it will ensure it does so for reasons which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies.

Where services are subject to formal tender or re-tender arrangements, legislative requirements and the Council's Contract Procedure Rules will always be observed. The monitoring of such

arrangement's rests with the Service Director - Finance, and details of the current arrangements are set out in the schedule to this document.

12. **TMP12 Corporate governance**

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Service Director - Finance will monitor and, if necessary, report upon the effectiveness of these arrangements.

Management Practices for Non-Treasury Investments

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all investments are covered in the Capital and Investment Strategies, and will set out where appropriate, the Councils risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that of treasury management.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure.

PWLB Borrowing Rates %

	30/09/2025	31/03/2025	30/09/2024	28/03/2024	29/09/2023	31/03/2023	30/09/2022
Annuity							
15 years	5.57	5.49	4.90	4.86	5.39	4.46	5.17
20 years	5.91	5.75	5.10	5.04	5.54	4.60	5.14
30 years	6.31	6.09	5.43	5.35	5.81	4.87	5.15
50 years	6.44	6.16	5.53	5.39	5.80	4.83	4.80
Maturity							
15 years	6.13	5.95	5.29	5.23	5.70	4.78	5.15
20 years	6.34	6.11	5.47	5.38	5.83	4.90	5.11
30 years	6.46	6.19	5.55	5.41	5.84	4.86	4.85
50 years	6.18	5.87	5.33	5.21	5.61	4.61	4.41
EIP							
15 years	5.47	5.42	4.86	4.83	5.36	4.45	5.20
20 years	5.76	5.64	5.01	4.96	5.46	4.54	5.14
30 years	6.15	5.96	5.30	5.24	5.71	4.79	5.15
50 years	6.44	6.18	5.54	5.42	5.86	4.90	4.99

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.
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.

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Kirklees Council

External Audit Update Report

17 November 2025

Agenda Item 10

Agenda

Page 88

Audit Progress Report

Grant Thornton

Introduction

Your key Grant Thornton team members are:

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This paper provides the Corporate Governance and Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Corporate Governance and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:
https://www.grantthornton.co.uk/industries/public-sector/local-government/

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth, Greg or Aanchal.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to local government.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.

More information can be found on our dedicated local government section on the Grant Thornton website by clicking on the logos.

Page 90

Progress at November 2025

Financial Statements Audit

We are now in the latter stages of the financial statement audit and we our working towards operational completion by the end of November 2025. At present all sample evidence has been received from the finance team, and we are working through our audit documentation and any queries arising with the finance team.

The key aspects of our work that are currently outstanding include:

- Satisfactory receipt of the pension fund assurance letter from the external auditor to West Yorkshire Pension Fund.

- The Council obtaining an updated IAS19 pension fund report from its actuary following a revision to the West Yorkshire Pension Fund scheme's net assets and the Council adjusting its accounts for this if the changes are deemed material.

- Resolution of a technical accounting query relating to the Council's recognition and presentation of a loans granted to a third-party body accounted for within long-term debtors.

- Resolution of variances identified between the source data used in the valuation of the Council's buildings estate in 2024-25 and the underlying records held by the Council's estates team.

Our work on reviewing the Council's implementation of IFRS 16, the new leases standard, remains ongoing, however, no material issues have been identified to date. We are currently working on our review of the sufficiency and appropriateness of the lease disclosure in the draft financial statements.

Value for Money

Our value for money work for the 2024-25 audit cycle is drawing to a close and we expect to share a draft report with management for comment before the end of this month as planned.

At the present time, no additional significant weaknesses have been identified. At the time of sharing our draft report with management, we shall present our view on the progress the Council has made in addressing the significant weaknesses we identified in 2023-24 and share our draft commentary on arrangements in place during the 2024-25 financial year.

We have discussed with management that we shall aim to reflect on further progress that the Council has made on enhancing arrangements during 2025-26 to date, where appropriate.

Concluding our work and reporting timetable

It is our intention to share both the draft Auditor's Annual Report (value for money) and draft Audit Findings (ISA260) report with management for review and comment in the coming weeks and for both reports to be agreed by the end of the 2025 calendar year.

Both reports would then be shared for papers in early January and presented to Corporate Governance and Audit Committee on 30 January 2026.

Progress at November 2025 (cont.)

Other areas

Certification of claims and returns

- The grant certification for the Teachers Pension return for 2024-25 was reported and concluded in October 2025

- Our grant assurance work on the pooling of capital housing receipts return for 2024-25 remains ongoing at the time of writing.

- Our work on the Housing Benefit Assurance Process (HBAP) – the certification of the housing benefit claim for 2025-25 has now commenced and we expect to conclude this in the first quarter of 2026.

Meetings

We will continue to engage with officers and continue to hold quarterly liaison meetings with the Chief Executive, Deputy Chief Executive & Executive Director of Public Health and Corporate Resources, Service Director - Finance (S151 Officer) and Service Director – Legal, Governance and Commissioning (Monitoring Officer).

Events

On 4 June 2025 we hosted a webinar on devolution and local government re-organisation, and lessons from our 2023-24 value for money audits. The recording can be accessed here: <u>Audit committee webinar.</u>

The next event taking place shortly will be:

- 27 January 2026 – webinar providing updates on managing local authority debt; and on preparing for local government reorganisation. It is acknowledged that the aspects of local government reorganisation are less relevant to Kirklees Council.

Page 92

Audit Deliverables

Below are some of the audit deliverables planned for 2024-25

2024-25 Deliverables	Planned Date*	Status
Audit Plan We are required to issue a detailed audit plan to the Corporate Governance and Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2024-25 financial statements.	June 2025	Complete
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the Corporate Governance and Audit Committee.	January 2026	In progress - Not yet due
Auditors Report This includes the opinion on your financial statements.	January 2026	In progress - Not yet due
Auditor's Annual Report on the Council's VFM arrangements This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	January 2026	In progress - Not yet due

Sector Updates

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Lessons from 2023/24 auditors' annual reports

Recommended reading for Audit Committees:

In August 2025, we published a review of 100 Auditors' Annual Reports (AARs) produced by Grant Thornton for our local government audited bodies across England. This represents about a third of all councils in the country. The AARs offer a wealth of insights on what works, and what doesn't, when it comes to value for money and governance.

The reports in our sample showed that financial sustainability remains the major challenge for the majority of councils. Poor governance has led to some councils depleting their reserves and others incurring excessive borrowing, which current government policies around exceptional financial support and statutory override for dedicated schools grant deficits are not helping.

Common challenges for councils include gaps in risk management; high vacancy rates in internal audit; de-centralised contract management; under-supported project management; and the need for stronger, timelier data on performance. For Councils with Housing Revenue Accounts, there are also significant challenges with identifying, costing and managing high volumes of backlog repairs and maintenance work needed to meet regulatory standards.

However, with this being the second year of reporting on lessons from AARs, we also charted notable examples of cases where arrangements have been strengthened since 2022/23, yielding benefits. As well as good practice questions and reminders, the report includes case studies showing better: control over transformation planning; approach to internal audit; project management; key performance indicator reporting; and rightsized workforce.

AAR findings in August 2025 can be compared to those from one year earlier by accessing the two years of full reporting here:

Lessons from 2023/24 auditors' annual reports

Lessons from recent auditor's annual reports

Page 95

Financial Instruments in Local Government Accounts (1)

Recommended reading for Audit Committees:

Financial instruments are contracts that give rise to a financial asset for one party and a financial liability or equity instrument for another. In local government, these include a wide range of arrangements such as cash, loans, trade receivables and payables, pooled investments, financial guarantees, and more complex instruments like derivatives or loans with embedded features.

These instruments are governed by accounting standards and can significantly influence how a council's financial position and performance are presented in the accounts. Proper identification and treatment of these instruments are essential to ensure that financial statements reflect the true nature of the authority's financial commitments and exposures.

The accounting for financial instruments is not just a technical exercise. It has real implications for financial planning, risk management, and public accountability. Misclassification or incorrect measurement can lead to material misstatements, unexpected financial impacts, or audit challenges. Financial instruments can affect key areas such as the General Fund, usable reserves, and statutory reporting.

Ensuring that these instruments are correctly accounted for supports transparency, compliance with professional and statutory requirements, and the safeguarding of public resources.

We have recently released a thought leadership report, "Local authority accounting: Avoiding pitfalls in financial instruments" which covers financial instruments in detail.

Our full report includes insight about some of the potential pitfalls relating to financial instruments that can occur in local authority accounts. In addition, each section includes a range of challenge questions for authorities to consider.

The table on the next page highlights key areas of focus in accounting for financial instruments, along with explanatory context and suggested questions that Audit Committee members may wish to raise with management.

The full report is available here:

[Local authority accounting: Avoiding pitfalls in financial instruments | Grant Thornton](#)

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Financial instruments and local government accounts

Financial Instruments in Local Government Accounts (2)

Key areas of focus in accounting for financial instruments, along with explanatory context and suggested questions for Audit Committees to ask:

Area of Focus	Description	Challenge Questions
Identification	Proper identification ensures that all relevant instruments are captured in the financial statements and assessed for risk and impact. While some items like loans and investments are obvious, others may be less visible.	• How have you ensured that all financial instruments, including less obvious or complex arrangements, have been identified? What controls are in place? • Have any new or unusual arrangements been reviewed for potential financial instrument implications?
Classification	Financial instruments must be classified based on how they are managed and the nature of their cash flows. Classification determines how movements are reported in the financial statements and can influence the volatility of reported results.	• What process is followed to determine the classification of financial instruments, and how do you ensure that the classification reflects the nature of the financial instrument, including both business purpose and characteristics? • Have any instruments been classified differently this year, and if so, why?
Measurement	Once identified and classified, financial instruments must be measured appropriately. Measurement affects reported balances and income, and errors can lead to misstatements.	• What valuation methods are used for financial instruments, and how are they validated? Were any experts required during this process? • Do changes in assumptions or market conditions require remeasurement?
Disclosure	Disclosures help users of the financial statements understand the nature, significance, and risks of financial instruments. Disclosures should be tailored to your specific circumstances, avoiding unnecessary complexity or boilerplate language.	• How do you ensure that disclosures are tailored to reflect the authority's specific financial instruments and risks, and are any additional disclosures required for unusual or complex financial instruments, or for particular risks? • Are disclosures complete, clear, and free from unnecessary detail?
Other Considerations	Other considerations include soft loans, capital treatment of financial assets, statutory overrides, and the requirement to make prudent revenue provisions (MRP) for certain losses. These adjustments can have a direct impact on financial planning and budget setting.	• Have all relevant statutory overrides and adjustments been correctly applied and disclosed, and what impact have these adjustments had on the General Fund or other usable reserves? • Are expected credit losses / impairments reflected in the financial strategy?

Page 97

Other structural changes

Key information for Audit Committees to be aware of:

Multi-year allocations – 11th June 2025

The Spending Review on 11th June 2025 committed to multi-year allocations through the upcoming 2026/27 Local Government Finance Settlement. An assessment of each council's needs and resources was also committed to.

Spending Review 2025 (HTML) - GOV.UK

Additional information on the Spending Review and Fair Funding Review can be seen on pages 17 and 18 of this update.

Simplified local structures – 24th June 2025

The Minister of State for Housing, Communities and Local Government announced on 24th June 2025 that Councils with a committee system will be required to transition to a leader and cabinet model. He also announced a ban on creating new directly elected council mayors.

Written statements - Written questions, answers and statements - UK Parliament

Pensions pooling – 11th August 2025

Seven Council pension funds announced plans to join the Border to Coast pool on 11th August 2025. The government has committed to allow some "limited flexibility" to other administering authorities looking for new asset pools (moving away from Access and Brunel) but does expect all to conform as closely as possible to the 31 March 2026 deadline for meeting new minimum standards set for asset pooling.

Pension Investment Review Final Report

English Devolution and Community Empowerment

The English Devolution and Community Empowerment Bill was presented to the House of Commons and given its first reading on 10th July 2025; and its second reading on 2nd September 2025. With ayes of 365 and noes of 164 on 2nd September, the Bill now moves to Committee stage.

English Devolution and Community Empowerment Bill

Local government financial sustainability

Key information for Audit Committees to be aware of:

On 18th June 2025, the Committee of Public Accounts reported that "MHCLG has implemented short-term and unsustainable approaches to keep local government afloat".

As evidence, the Committee reported that :

❖ Forty-two local authorities had to receive exceptional financial support;

❖ Spending on special educational needs and disabilities has outstripped the money available from the Department for Education to pay for it.

Adding to concern, the Committee also reported:

❖ MHCLG does not know if the billions spent delivering services locally results in better outcomes for people;

❖ Neither MHCLG nor HM Treasury have assessed the impact that increases in national insurance contributions will have; and

❖ There is significant uncertainty around how the proposed local government finance reforms and reorganisation will be implemented.

Two days later, on 20th June 2025, the government announced that the statutory override for dedicated schools grant deficits will be extended by another two years, until 31 March 2028. There is no clarity yet about how the debt associated with the grant will be managed once this new period of statutory override ends.

For wider debt burdens, the LocalGov daily bulletin 19th August 2025 , reported that Freedom of Information request responses from 254 councils found that:

❖ There has been a 60% increase in Council debt over the last sixty years; and

❖ Roughly a fifth of council tax revenue is being spent on payments for debt interest.

For a full copy of the Committee of Public Accounts report see Local Government Financial Sustainability.

The Spending Review

Key questions for Audit Committees to ask officers:

❖ Have we calculated what impact the Spending Review will have on the assumptions in our medium-term financial plan?

❖ If the impact is negative, what mitigation is planned?

Background:

The Spending Review on 12th February 2025 did not directly address local government debt (other than that in some cases exceptional financial support increases the debt). However, the Spending Review did provide an additional £3.3 billion of grant funding in real terms for local authorities in 2028/29 compared with 2023/24. This included:

❖ Over £4 billion of funding available for adult social care in 2028-29 compared to 2025/26.

❖ £555 million to help more children stay with their families; and £560 million, between 2026/27 and 2029/30, to refurbish and expand children's homes and foster care placements.

❖ £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026/27 to 2035/36.

❖ £100 million for a new community partnership approach to spending on adults with complex needs.

The Spending Review also announced a new £3.25 billion Transformation Fund to support the reform of public services so that they are focused on prevention, including for special educational needs and disability and homelessness.

The intention is that investment in digital technology and artificial intelligence transformation programmes will drive productivity improvements and help to deliver the government's missions.

Spending Review 2025 (HTML) - GOV.UK

Fair Funding Review 2.0

Key questions for Audit Committee to ask officers:

❖ What impact do we expect the Fair Funding Review to have on our medium-term financial plan?

❖ Have we calculated what level of support we will need from transitional arrangements?

❖ What mitigations are we planning if we don't receive transitional support?

Background:

Between June and August 2025, the government ran a public Fair Funding Review consultation on how it should implement Fair Funding Review 2, including on how the local government grant system should be made fairer and how transitional arrangements should work.

Under the Fair Funding Review, significant changes to the grant funding system for English local government are now expected to take effect on 1st April 2026, for the 2026/27 financial year. It is expected that grant funding will be allocated to English local authorities using a three-part system, consisting of an assessment of relative need, based on socio-economic indicators; an area costs adjustment; and a resource assessment, measuring the capacity of each council to raise council tax.

It is expected that:

❖ There will be no further retained business rates revenue;

❖ Recent spending on social care and deprivation will influence the formula; and

❖ There will be reduced funding for Councils with higher capacity to raise council tax.

The new methodology will apply to the Revenue Support Grant, which will also swallow up several other smaller grants that Councils currently receive.

Because the existing system has been untouched for many years, and because no new money will accompany the review, there are likely to be some very large changes to some councils' funding allocations.

The Local Government Information Unit recently argued that "in many ways (the changes) will start to put England back onto its pre-2013 footing"; and a three-year transitional period has been proposed.

Nevertheless, the changes are going to be difficult for some Councils to absorb, especially those that already have other issues with their financial sustainability.

Page 101

Public procurement

Key questions for Audit Committee to ask officers:

❖ How much do we currently spend per annum on contracts with small and medium-sized enterprises and voluntary, community and social enterprises?

❖ Do we test whether our suppliers pay their creditors within appropriate timescales?

❖ Which outsourced services, if any, have we assessed to test whether outsourcing is still the best solution?

Background:

Between June and September 2025, the government consulted on public procurement. With an estimated £385 billion spent through public procurement every year, the consultation is intended to support implementation of the new National Procurement Policy Statement.

Proposals that are being consulted on include:

❖ Mandating large contracting authorities with procurement spend over £100 million per annum to publish their own 3-year target for direct spend with small and medium-sized enterprises and voluntary, community and social enterprises; and report against it annually;

❖ excluding suppliers from bidding for major contracts (over £5 million per annum) if they cannot demonstrate they pay their invoices within an average of 60 days;

❖ requiring contracting authorities to make a standard assessment before procuring a major contract to test whether service delivery should be inhouse or outsourced;

❖ mandating contracting authorities to carry out a public interest test prior to making a sourcing decision on major service contracts; and

❖ requiring contracting authorities to publish the results of the public interest test in the tender notice.

The government states that the proposals will "open up more opportunities for small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs), which are vital for driving the UK economy".

For a full understanding of the proposals that were put forward, follow this link: Public Procurement: Growing British industry, jobs and skills

Page 102

Keeping fit for the future

Key question for Audit Committees to ask officers:

❖ What changes to governance structures do we expect the new ten-year health plan to have on us?

❖ How are we preparing?

Background:

On 3rd July 2025, the government outlined the new ten-year NHS plan Fit for the future . The plan points to a closer working partnership between local government and Integrated Care Board (I(CBs), stating that:

❖ The number of ICBs will be reduced from 42 and the remaining ICBs will then be encouraged to adjust their boundaries to match those of new combined authorities;

❖ the government's aim over ten years is that ICBs will be coterminous with strategic authorities wherever feasibly possible;

❖ Integrated Care Partnerships will be abolished but in future, a neighbourhood health plan will be drawn up by local government, the NHS and its partners at single or upper tier authority level under the leadership of the Health and Wellbeing Board, incorporating public health, social care, and the Better Care Fund;

❖ mayors are going to replace local government representatives on ICB Boards;

❖ local authorities are going to take up Local HealthWatch social care functions; and

❖ from 2026, every single or upper tier local authority will be required to participate in an external public health peer review exercise, on a 5-year cycle, with the results directly informing local plans.

Keeping the leisure estate fit for the future

Key question for Audit Committees to ask officers:

❖ How are repairs and maintenance and replacement costs for our leisure estate reflected in our medium-term financial plan?

❖ Are we on track to cover replacement costs for the leisure estate?

Background:

Some £400 million was announced in Fit for the future for grassroots sports facilities, but it is not yet clear how much of that will be directed to local authorities. On 2nd August 2025, the Local Government Association reported that:

❖ Since 2010, 500 swimming pools have closed, representing a loss of over 34,000 square metres of water space. Nearly half of the closures occurred in the last five years.

❖ 63 per cent of main sports halls and 60 per cent of swimming pools are beyond their expected lifespans or in need of refurbishment.

❖ 24 per cent of council areas face the risk of reducing or closing leisure services due to rising energy and operational costs.

An early understanding of the condition of the estate will help to maximise the effectiveness of any funding that does become available to Councils.

Page 104

Asylum seekers update

Key questions for Audit Committees to ask their officers:

❖ How do we capture and report accommodation costs?

❖ Have we calculated whether costs are matched by grant income received? How are we managing any difference?

❖ What are our safeguarding responsibilities? What assurance do we have that we are meeting them?

❖ What assurance do we have that we are meeting our duty of care to children and vulnerable adults?

Background:

On 29th August 2025, the Court of Appeal ruled that The Bell Hotel in Epping Forest can continue to house asylum seekers, overturning an interim injunction that Epping Forest District Council had secured ten days previously to restrain the use of the hotel for such a purpose unless planning permission was granted. The Council was then denied the opportunity to appeal to the Supreme Court.

Home Office data published on 21st August 2025 shows that 115 other Councils currently have hotels within their areas that are housing asylum seekers. Those Councils may have been watching the outcome of The Bell Hotel case closely.

The National Audit Office recently estimated that it costs £15.3 billion per annum to house asylum seekers in hotels; and that hotel accommodation accounts for 76% of the annual cost of asylum contracts but houses only 35% of people in asylum accommodation system.

The Spending Review 2025 committed to ending government use of asylum hotels during the current Parliament. The expectation is that these will be replaced by central government owned accommodation, probably delivered by purchasing tower blocks and former student accommodation. However, no timeline has been set for this initiative yet. Without a timeline, hotel costs are likely to be incurred and need managing for some time yet.

Future Webinars for Audit Committee members

We plan to hold a webinar for members of Audit Committees on 27th January 2026. Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

Areas our webinar will help with include:

Managing debt:

Understanding the true level of debt across all sources;

Assessing the viability of plans for debt repayment;

Understanding and assessing current and future exposure to risk; and

Best practice for Councils managing debt.

Local government reorganisation:

Understanding and anticipating outcomes from the latest submissions;

Managing change whilst waiting for decision announcements; and

Preparing for next steps after decision announcements.

Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards
https://www.gov.uk/government/publications/public-sector-internal-audit-standards

Code of Audit Practice for local auditors (NAO):
https://www.nao.org.uk/code-audit-practice/

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):
https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/

The Three Lines of Defence Model (IAA)
https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf

Risk Management Guidance / The Orange Book (UK Government):

https://www.gov.uk/government/publications/orange-book

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition

Delivering Good Governance in Local Government

https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition

Financial Management Code

https://www.cipfa.org/fmcode

Prudential Code

https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition

Treasury Management Code

https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition

Page 107

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Kirklees COUNCIL

REPORT TITLE: Risk Management Update

Meeting:	Corporate Governance & Audit Committee
Date:	28th November 2025
Cabinet Member (if applicable)	Cllr Turner
Key Decision Eligible for Call In	No

Purpose of Report

- The role of Corporate Governance and Audit Committee is to satisfy itself over the adequacy of the risk management framework

- This report provides information on the Council's strategy for Risk Management and its governance arrangements to deliver in line with the approved strategy

- For Corporate Governance and Audit Committee to consider the content of the report, and to advise if they have any comment on the work completed, and focus of work plans

Recommendations

- It is recommended that the Corporate Governance and Audit Committee receive, note and discuss any areas of interest or concern

- Provide feedback on the draft Risk Appetite Statement, for consideration by Cabinet with whom responsibility for approval rests.

Reasons for Recommendations

- To ensure that the council's approach to risk management, and the Risk Management Framework, support informed, risk based decision making while remaining proportionate and aligned with organisational objective and key deliverables

Resource Implications:

- None

Date signed off by **Executive Director** & name	Rachel Spencer-Henshall 9 October 2025

1

Is it also signed off by the Service Director for Finance?	Kevin Mulvaney 9 October 2025
Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?	Samantha Lawton 9 October 2025

Electoral wards affected: None

Ward councillors consulted: None directly

Public or private: Public

Has GDPR been considered? No personal data is presented within the report

2

1.   **Executive Summary**

This report provides an update on the council's delivery of its risk management strategy. It offers information about the core risks that the council faces and an assessment of their severity as well as outlining the operational processes that are in place to identify, manage and escalate risks throughout the council. The report reinforces the position that risk management is not about avoiding all risk but is an ongoing activity which can only be as effective as the information and intelligence that contributes to the process. The report also identifies areas of focus for the next year.

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

The continual development and promotion of risk management is integral to strong performance, financial sustainability, ongoing compliance and delivery of plan outcomes for Kirklees. Strong risk management with a clear understanding and governance of strategic and operational risks will ensure that Kirklees Council remains well placed to demonstrate that objective and informed decisions are being taken. The Executive Leadership Team (ELT) is responsible for risk management, supported by the agreed Risk Management Framework. The purpose of this report is to provide an overview of the highest level risks identified within the corporate risk register, as well as provide an overview of the processes and work that has been implemented to drive improvements in risk management since the previous report in February 2025.

2.1   Reporting & Governance arrangements
Reporting and governance arrangements for risk management are well established and provide multiple opportunities for engagement and challenge throughout the organisation.

Service Risk Registers continue to form the basis of the risk management process. There is a standard Service Risk Register template that is being rolled out across the council, as at the end of Q2 88% of services have adopted the new template with the remaining 7 services on track to migrate by the end of Q4 2025-26. This ensures that all required information is considered, and the consistency allows direct comparison between risks on different risk registers. All risks are scored using the Risk Assessment Matrix (5x5 grid) with guidance on selecting the appropriate score for both 'impact' and 'likelihood'. The new templates drive a necessary shift from 'risk commentary' to a more assurance and action focussed response.

Presentation of the Corporate Risk Register (CRR) is embedded into reporting cycles across the organisation. The CRR forms part of the quarterly Performance and Risk reports to the Executive Leadership Team and continues to Executive Board and Cabinet with appropriate scrutiny through Overview & Scrutiny Management Committee on a quarterly basis.

Additionally, from Q1 2025-26, risk metrics have been included as part of the quarterly Check & Challenge process. This embeds risk as a key element of an integrated scorecard approach alongside service performance indicators, financial performance and people metrics.

Corporate Risk Profile

Q2 2024-25   **Q2 2025-26**

The risk profile of the council, in terms of distribution of corporate risks, is broadly static, however it is important to note that there have been reductions in the risk score of some key risks. Notably two finance risks, addressing both in year budget performance and medium-term financial sustainability, have both reduced from a high 'red' score of 20.

Two risks have been removed, both within Adult Social Care and linked to the introduction of the Care Quality Commission's new inspection regime. Whilst the outcome of the inspection is not known, having experienced the inspection we are now familiar with the methodology used, and the required submissions and inputs. In preparation for the inspection significant progress was made in developing and embedding operational dashboards and identification and resolution of data quality issues.

One new risk has been introduced, Economic Growth & Resilience, which expresses the risks associated with the councils broad portfolio of revenue and capital projects. The risk outlines the potential financial, service delivery and reputational impacts of projects that are significantly delayed, overspent or fail to deliver against the original scope.

Reference	Risk Description	Risk Rating Q2 24-25	Risk Rating Q2 25-26
FIN01	Budget monitoring & management	20	12
	Risk of in year budget overspend caused by failure to effectively manage revenue income and expenditure budgets, including delivery of agreed saving targets, which result in a negative outturn position impacting on following year budgets		
FIN02	Medium Term Financial Sustainability	20	16
	Risk of medium-long term financial instability caused by failure to adhere to robust financial planning processes and procedures, or taking the appropriate action, leading to requirement to implement changes in service provision, possible government intervention and consequential reputational damage		
FIN03	Capital plan management	15	15

4

	Risk that the agreed capital plan is unaffordable based on the ongoing revenue resources available to the council with implications for reserves levels and delivery of wider services and statutory responsibilities		
PS01	Organisational resourcing	16	12
	Risk that the council cannot meet its strategic objectives due to a failure to establish and plan for the future employee resourcing needs of the organisation and inability to adapt and respond to shifts in the labour market leading to possible disruption to service delivery and increased staff costs		
PS02	Industrial and disruptive action	9	9
	Risk that service delivery is impacted by prolonged industrial and disruptive action, triggered by service changes, budget reductions/pressures, asset rationalisation, changes to ways of working and any compulsory redundancies		
SI01	Data Integrity	12	12
	Risk of poor/uninformed decision making, failure to maximise income or inability to comply with statutory requirements caused by data integrity issues leading to reputational damage, ineffective resource allocation and/or a reduction in Council funding		
SI02	Relationships with key partners	6	6
	Risk of poor outcomes for Kirklees in terms of priority setting and funding allocations caused by failure to develop and maintain effective relationships with key regional and local partners and organisations, impacting on our ability to meet statutory and local requirements		
SI03	Cyber Security	16	16
	The risk of a data breach and / or impaired system functionality caused by a malicious cyber-attack leading to inability to deliver council services, costs to recover / compensate and associated reputational damage		
LGC01	Corporate governance	9	9
	Failure to ensure that effective processes, frameworks and relevant training are in place and adhered to in order to facilitate compliant and legally sound decision making, avoiding subsequent challenge and reputational damage		
LGC02	Information governance	12	12
	Failure to process (obtain, hold, record, use, share) information in line with the UK General Data Protection Regulations, Data Protection Act, Freedom of Information legislation and other relevant legislation leading to regulatory censure, fines, and associated reputational damage		
LGC03	Procurement	12	8
	Risk that the council enters into contracts with suppliers / commissioned service providers that do not secure the intended outcomes, due to inadequate or non-adherence to processes and procedures resulting in increased costs, reduced benefits and possible statutory breaches and reputational damage		
LGC04	Contract management	16	16
	Risk that suppliers do not provide goods / services in line with contractual agreements and / or a failure to identify, control and manage risks arising through supplier / contractor activity due to lack of robust oversight and quality assurance arrangements		
HP01	Emergency planning & business continuity	12	8
	The risk that the Council's incident management / emergency planning is insufficient to manage a serious incident or series of related incidents leading to short term or prolonged impacts on the Kirklees community and Council employees and operations		
HP02	Health & safety	8	8
	Failure to provide appropriate framework, guidance and monitoring of corporate H&S statutory requirements results in a preventable H&S incident involving colleagues and / or members of the public with possible financial, legal and reputational impacts		
AH01	Adults safeguarding	12	8
	Failure to adequately safeguard vulnerable adults from harm, abuse and neglect because of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need		
AH02	Adults social care assurance framework	9	REMOVED
AH03	Data Insight for operational delivery of ASC	12	REMOVED
	[Any residual risk transferred to SI01]		

5

CF01	Children's Safeguarding	6	6
	Risk of children and young people being at risk of significant harm due to increased complexity, referral volumes and a lack of service capacity to respond to the assessed need		
CF02	EH&CPs, SEND compliance & financial impact	16	16
	Risk that the EHCP operating model does not meet client or council needs, due to increases in demand, complexity of clients needs and a lack of existing local provision, resulting in missed statutory deadlines, regulatory scrutiny, reputational impact and financial consequences		
CAS01	Community cohesion, wellbeing & resilience	12	12
	Risk of public disorder due to failure to monitor and mitigate rising community tensions, matters of violent extremism and related safer, stronger community factors, including criminal exploitation and national / international incidents		
DEV01	Corporate Assets	12	9
	Failure to effectively manage the liabilities arising from the council ownership and management of corporate assets, including building safety and financial liabilities, caused by failure to implement the corporate property strategy and insufficient control environment		
DEV02	Homelessness and Temporary Accommodation	16	16
	Insufficient availability of suitable accommodation options for temporary or permanent accommodation due to rising demand, reducing affordability and increasing complexity of priority need households, resulting in budget & legal challenge, poor customer outcomes and possible community cohesion issues		
DEV03	Economic Growth & Resilience	NEW	12
	Failure to deliver economic growth and resilience through regeneration and infrastructure developments due to ineffective targeting of projects, funding availability and delays / overspends in delivery leading to a decline in prosperity, less affluent communities and consequential reputational damage		
HN01	Housing safety & quality	16	16
	Risk that residential housing stock does not meet building safety regulations and / or the decent homes consumer standard resulting in service user dissatisfaction, complaints, regulatory scrutiny and reputational damage		
ECC01	Climate change	12	16
	Failure to mitigate and adapt to a more volatile climate, caused by insufficient resource, inadequate funding and a lack of prioritisation, leading to prolonged impacts on the natural environment, residents, communities, businesses and delivery of Council services		

2.3   Risk Assurance reviews

An annual programme of rolling Risk Assurance Reviews has been introduced which will complete a 'deep dive' review into each risk on the CRR within a 12 month period. All red rated risks were reviewed in Q1 2025-26, with identified changes included within the Q1 report and a summary of changes presented to ELT. The review of Amber risks is currently underway.

The reviews take place with the Head of Risk, Senior Risk Officer, the Risk Owner, Risk Leads who complete the quarterly updating of the submissions and, where relevant, the Transformation Programme / Project Managers who are delivering pieces of change activity.

The review provides challenge and scrutiny to assess:
- Is the risk articulated accurately (with clear risk / cause / consequence)
- Is it appropriate that it remains as a risk escalated to the Corporate Risk Register?
- Is the risk scored correctly? (both current and target score)
- What needs to happen for the risk to reduce to its target score?

6

- Are the controls described working effectively to either monitor or control the risk? Is there evidence to provide assurance?
- Is the pace of delivery of actions adequate? Are there additional or different actions that should be referenced?

2.4   Risk management support

Risk management support continues to be provided to specific projects, with earlier engagement to ensure risks are identified and understood at the soonest opportunity. Examples include:
- Dewsbury Riverside development
- Waste management contract renewal
- PFI contract expiry
- Asset disposals
- Complex procurement activity

In addition, we have identified the need to further develop at a detailed level the councils risk exposure to fraudulent activity, with a view to using a risk management approach to controlling this effectively. This is a linked activity with the councils Internal Audit and Fraud team.

2.5   Risk Management Framework (RMF)

The council's RMF provides the structure and process that we use to identify, asses, monitor and report on risks. Kirklees Council RMF consists of the following documents:
- Risk Management Policy
- Risk Management Strategy & Guidance
- Risk Assessment Matrix
- Corporate Risk Register template
- Service Risk Register template

There is one proposed change to the RMF, which is the introduction a new Principal Risk type; 'Safety & Security', with the full list of principal risks listed below:

Safety & Security
Risks related to health & safety, accident prevention and physical security across staff, contractors, residents, communities and businesses. This includes (but is not limited to) hazards / risks associated with buildings, vehicles, plant and equipment. Activities concerning public safety and emergency response all sit within this risk type.

Environmental	Legal, Regulatory & Compliance	Reputational
Financial	Operational & Service Delivery	Safeguarding
Information & Data	People & Culture	**Safety & Security**
Innovation & Change	Physical Assets	Third Party

A review of the Risk Assessment Matrix and supporting guidance will be completed during the next 12 months.

7

2.6 Risk Appetite

Work continues towards the provision of a Risk Appetite Statement for Kirklees Council, which will provide a high-level strategic steer as to the amount of risk that the organisation is willing to take in the pursuit of its objectives. The risk appetite provides guidance, and not rules, for consideration when assessing the nature and extent of risks associated with specific recommendations or courses of action. It is anticipated that there may be decisions that are proposed and / or agreed outside of the agreed risk appetite, in these cases it is important that we recognise and record that a deliberate and informed choice has been made to operate outside of the organisation's risk appetite.

The draft Risk Appetite Statement (Appendix 2) has been developed through consultation with senior officers and members. Comment on the structure and content of the document is welcome, noting the agreed governance route for approval.

2.7 Training, organisational learning & culture

We have continued to work collaboratively across the organisation ensuring risk management is embedded within other governance and assurance processes. Examples of this include:

- Working with Governance team to ensure Decision making templates and supporting guidance are designed so that risks associated with recommendations are identified and understood
- Provided feedback on the documentation and training materials being developed as part of Contract Management Framework and Guidance to ensure responsibility for risk management throughout contract term is clear
- Monthly engagement with the Corporate Business Continuity team to understand current resilience issues, and where improvements to risk management practices can prevent reoccurrence

All risk management documentation and supporting guidance, is now hosted on the intranet, alongside documents relating to fraud management, audit, insurance and corporate complaints.

An 'Introduction to Risk Management' training module has been developed that is available for all staff on the MyLearning training suite. Work continues with Learning & Development to consider how risk management is covered within the learning pathways for Leaders & Managers, including at induction and progression stages.

Additionally, bespoke risk management workshops continue to be delivered to Directorates / Services on a request basis.

Earlier this year the West Yorkshire Local Authorities Risk Managers group was established, with representatives from the five local authorities and latterly WYCA representation as well. The group meets informally to:

- Act as a forum to exchange views on risk management issues, share good practice and cascade information from external sources
- Undertake horizon scanning, discuss and consider potential new risks facing local government
- Consider new risk management initiatives proposed

8

- Work collaboratively (where required) on specific risk related issues, projects, and initiatives with the goal of sharing collective expertise, practice, and resources to strengthen approaches to risk assessment/management.

The group has undertaken benchmarking activity, reviewing risks that are classed as 'corporate' or 'strategic' and reported publicly by each local authority. The group is also starting to consider opportunities where closer working could deliver benefits across the region.

Kirklees is not unusual in utilising an internally developed risk management solution, however there is appetite across the region to actively look at opportunities to drive improvements in risk management effectiveness and efficiency utilising software solutions. The group has recognised the potential commercial and future strategic benefits of adopting the same risk management system across the region and there is appetite to discuss this further.

2.8   Further actions

During the remainder of 2025/26 and 2026/27 the intentions are to:
- Maintain robustness of both Service and Corporate level quarterly risk reporting processes
- Utilise various communication channels to promote awareness amongst middle level managers of the importance of risk management, and their role within it
- Embed risk appetite into the organisation's governance and reporting processes
- Continued focus on assessing the robustness of stated controls, to ensure mitigations are operating effectively (this process to be delivered in conjunction with Internal Audit)
- Develop assurance reporting at Principal Risk level, working with risk owners to identify Key Risk Indicators

3.   Implications for the Council

3.1   **Council Plan**
Successful delivery of the Council Plan, within budget and timescales, requires a clear understanding of risk. This includes (but is not limited to):
- Execution (implementation) or delivery risk
- Financial risk if implementation of required cost saving initiatives are delayed / stopped
- Reputational risk associated with certain decisions

Robust management of identified risks, including the implementation of required mitigants / actions is managed through various Council processes (depending on the nature of the actions, e.g. Cabinet, officer decision)

3.2   **Financial Implications**
Robust risk management contributes to the successful achievement of budget delivery and the medium-term financial plan. Additionally, effective risk management can support resource allocation to prioritise areas of highest risk, so preventing negative financial consequences such as enforcement fines or contract overspends.

3.3   **Legal Implications**

9

No direct implications. Legal, Regulatory & Compliance risk is identified as a risk category.

3.4 **Climate Change and Air Quality**
No direct impact although risks impact on the entire organisation, and affect this category

3.5 **Risk, Integrated Impact Assessment (IIA) or Human Resources**
No direct impact although risks impact on the entire organisation, and affect this category

4. Consultation
NA

5. Engagement
NA

6. Options

6.1 **Options considered**
For the Corporate Governance and Audit Committee to note and discuss any areas of interest or concern

6.2 **Reasons for recommended option**
The option and recommendation are relating to an Annual Report only. Therefore, there are no decisions required

7. Next steps and timelines
Undertake actions as noted in section 2 above, and report back on progress in 2025/26

8. Contact officer
Alice Carruthers, Senior Risk Officer
Alice.carruthers@kirklees.gov.uk

Martin Dearnley, Head of Risk
martin.dearnley@kirklees.gov.uk

9. Background Papers and History of Decisions
Previous annual reports presented to the Corporate Governance and Audit Committee have been received, noted and discussed:

10. Appendices
Appendix 1
Corporate Risk Report Q2 2025-26

Appendix 2
Draft Risk Appetite Statement

11. Service Director responsible
Samantha Lawton, Service Director - Legal, Governance & Commissioning

10

Corporate Risk Report, Quarter 2 2025/26

Q2 Summary position:

Risks raised within the Corporate Risk Report remain stable this quarter, with no new risks raised and no risks removed

Reductions in risk score:

- Emergency Planning & Business Continuity (HP01) risk has reduced to its target level of '8', from '12', reflecting the embedded control framework that is in place to monitor adherence to requirements. The Annual Emergency Preparedness, Resilience and Response audit has been submitted which also supports the reduction in score

For noting:

- **Economic Growth & Resilience DEV03:** The previous risk description focussed on project management and delivery; the risk has now been orientated towards the positive outcomes that regeneration and infrastructure projects bring, including the requirement to deliver these with due regard to time, cost and quality. The risk is scored as a '12', Amber rated risk

Summary overview (page 1 of 2)

Reference	Risk Description	Transformation Priority	Risk Owner	Risk Score	Direction of travel
FIN02	**Medium term financial sustainability**		Kevin Mulvaney	16	⇨
SI03	**Cyber security**		Terence Hudson	16	⇨
LGC04	**Contract management**	✓	Samantha Lawton	16	⇨
CF02	**SEND provision**	✓	Jo-Anne Sanders	16	⇨
DEV02	**Homelessness and temporary accommodation**	✓	Joanne Bartholomew	16	⇨
HN01	**Housing safety & quality**	✓	Phil Jones	16	⇨
ECC01	**Climate change**		Kat Armitage	16	⇨
FIN03	**Capital plan management**		Kevin Mulvaney	15	⇨
FIN01	**Budget monitoring and management**		Kevin Mulvaney	12	⇨
PS01	**Organisational resourcing**		Shauna Coyle	12	⇨
SI01	**Data integrity**		Mike Henry	12	⇨
LGC02	**Information governance**		Samantha Lawton	12	⇨

Summary overview (page 2 of 2)

Reference	Risk Description	Transformation Priority	Risk Owner	Risk Score	Direction of travel
CAS01	**Community cohesion, wellbeing & resilience**		Jill Greenfield	12	⇨
DEV03	**Economic growth & resilience**		David Shepherd	12	⇨
DEV01	**Corporate assets portfolio management**	✓	Joanne Bartholomew	9	⇨
PS02	**Potential for industrial action**		Shauna Coyle	9	⇨
LGC01	**Failure in corporate governance**		Samantha Lawton	9	⇨
HP01	**Emergency planning & business continuity**		Jane O'Donnell	8	⇩
LGC03	**Procurement processes**		Samantha Lawton	8	⇨
AH01	**Adults safeguarding**		Cath Simms	8	⇨
HP02	**Health & safety**		Jane O'Donnell	8	⇨
CF01	**Children's safeguarding**		Vicky Metheringham	6	⇨
SI02	**Relationships with key partners**		Stephen Bonnell	6	⇨

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FIN01 Budget Monitoring and Management

Risk of in year budget overspend caused by failure to effectively manage revenue income and expenditure budgets, including delivery of agreed savings targets, which result in a negative outturn position impacting on following year budgets.

Risk Owner: Kevin Mulvaney, Service Director Finance

Quarterly update:
- The risk score remains the same as Q1 reflecting the enhanced control environment and that over £50m has been added to Directorate budgets to meet demand, inflation and other pressures
- Savings targets for 2025-26 are being implemented and closely monitored as part of monthly reporting to ELT
- Continued focus to ensure effective governance is in place to deliver ongoing monitoring of the budget position and ensure required actions are progressed at pace

Current risk score ⊗

Previous risk score ⬤

Target risk score ◎

Impact

Likelihood

12
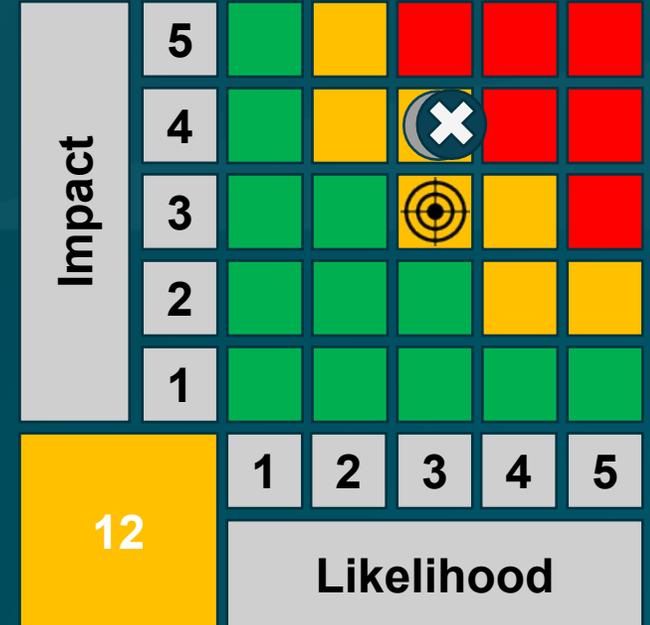
Controls in operation:
1. 2025-26 budget was approved by Council in March 2025
2. Established governance arrangements are in place to achieve planned outcomes, monthly reporting to ELT, quarterly to EB, Cabinet & Scrutiny and Outturn to full council
3. Dedicated finance managers for each service areas, with monthly monitoring of budgets including savings trackers
4. Regular monthly SLT meetings with Service Directors and Finance Manager to review budget progress monitoring and savings targets and to determine actions to be taken to achieve budget.
5. Check & Challenge approach in place led by Chief Executive & CFO
6. People Panel in place to review all recruitment

Further actions underway:
1. Service directors to each have budget pack
2. Draft budget book presented to group leaders.
3. Control of staffing budgets, linking expenditure to staff structure on SAP, work remains ongoing
4. To target significant reductions in the number of cost centres and ledger codes
5. Ongoing review of reserves and other balances

Kirklees COUNCIL

FIN02 Medium Term Financial Sustainability

Risk of medium-long term financial instability caused by failure to adhere to robust financial planning processes and procedures, or taking the appropriate action, leading to requirement to implement changes in service provision, possible government intervention and consequential reputational damage.

Risk Owner: Kevin Mulvaney, Service Director Finance

Quarterly update:

- Risk score remains unchanged reflecting the stability that the 2025-26 budget position provides, however reflecting the uncertainty of demand pressures particularly in social care
- General reserves maintained and HRA is in a balanced budget position, but concerns remain over the overall level of reserves held as they have reduced over the last few years
- DSG deficit position remains a high risk in the event of the removal of the Statutory override and the ongoing in year deficit
- Fair Funding 2.0 has been published for consultation and this is being reviewed for its impact

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood matrix — Current risk score at Impact 4, Likelihood 4; Target risk score at Impact 3, Likelihood 2. Score: 16

Controls in operation:

1. Annual update of the Medium-Term Financial Plan completed in September 25.
2. Documented governance process for determining the adequacy of reserves position and utilisation of reserves, if required to balance the budget.
3. Balanced 30-year plan for the Housing Revenue Account
4. Ongoing review of the Capital Plan, considering defer / stop decisions are reviewed with quarterly updates to Cabinet
5. Treasury Management: TM strategy and plan recommended to and approved by the Corporate Governance & Audit Committee (CGAC) and Cabinet
6. External Audit: Draft accounts completed in accordance with timetable and external audit in progress

Further actions underway:

1. Balanced budget proposals submitted to Cabinet in December with lowest savings targets for a number of years
2. 3-year savings targets issued to Directorates
3. Continued monitoring of SEND position. Safety Valve Agreement has been extended and will now end in 2029-30, statutory override now runs to 2027-28. Awaiting Government consultation
4. Additional work on VfM assessment including benchmarking
5. Continue to monitor implications from national government budget (Nov 25) and local government grant settlement (Dec 25) which will inform final budget proposals.

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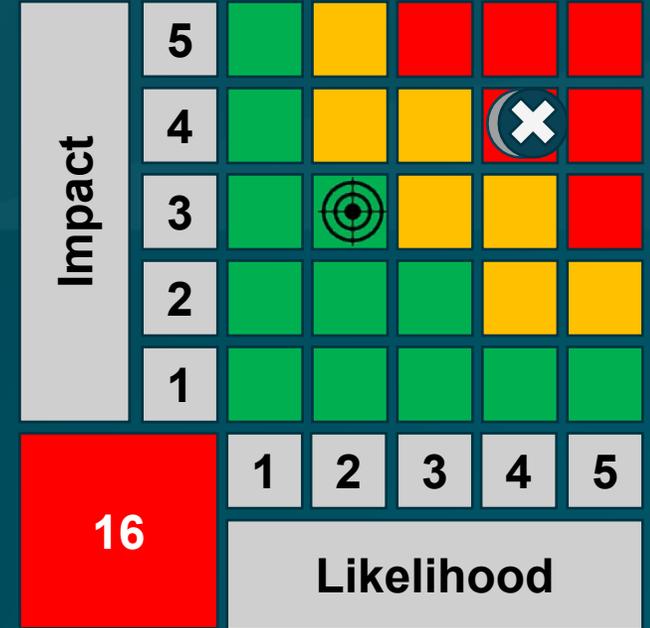
FIN03 Capital Plan Management

Risk that the agreed capital plan becomes unaffordable based on the ongoing revenue resources available to the council with implications for reserve levels and delivery of wider services and statutory responsibilities.

Risk Owner: Kevin Mulvaney, Service Director Finance

Quarterly update:
- Capital plan being prioritised and reprofiled
- Continued assessment of further capital investment recognising the need for any borrowing to be affordable over the medium – long term within overall resource envelope
- Request for benchmarking information has been sent to Council's across the region

Current risk score

Previous risk score

Target risk score

15

Impact / **Likelihood**

Controls in operation:
1. 5 year Capital Plan developed and agreed, monitored through CAB

2. Capital Assurance Board (CAB) meet monthly to provide strategic oversight of the Council's Capital Plan, chaired by Chief Finance Officer

3. Detailed monitoring of Treasury Management budgets to assess affordability of the capital plan

4. Capital Receipts reported at CAB

Further actions underway:
1. Revision of capital evaluation matrix to assess new bids (and existing strategic outcomes)
2. Reassessment of baseline capital expenditure
3. CFO to set targets for % of revenue budget for capital financing (MRP + Interest)
4. Review of capital governance across the Council to support delivery with improved capital monitoring to SLTs, ELT and Cabinet
5. Increased focus on phasing and forecasting of spend to improve accuracy
6. Maximise opportunities for external funding
7. Asset disposal: Annual capital receipts targets agreed and capital receipts monitoring to be included in quarterly updates.
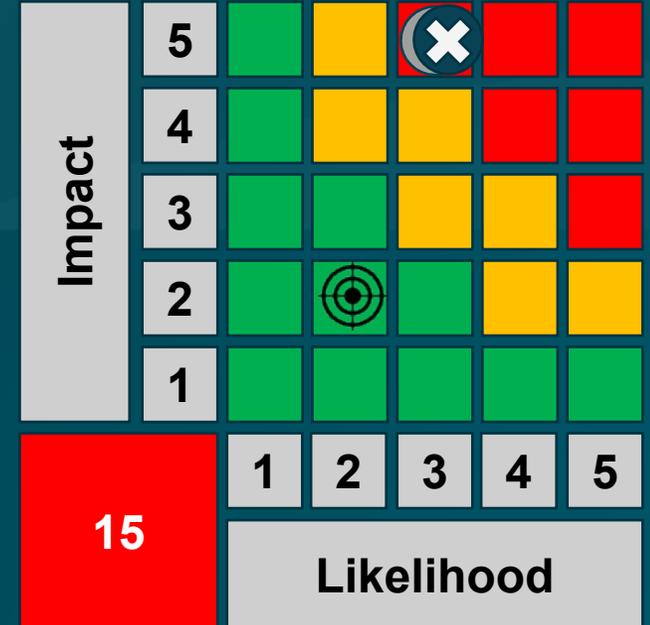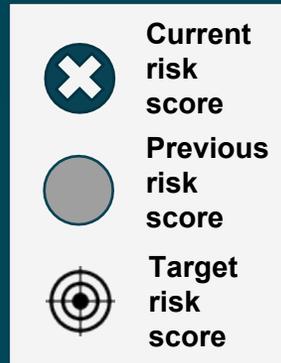
PS01 Organisational resourcing

Risk that the council cannot meet its strategic objectives due to a failure to determine and provide for the future employee resourcing needs of the organisation and an inability to adapt and respond to shifts in the labour market leading to possible disruption to service delivery and increased staff costs.

Risk Owner: Shauna Coyle, Head of People Services

Quarterly update:
- Workforce planning reaching more areas with identified resourcing challenges, will support a less reactive approach
- Entry level apprenticeship recruitment taken place.
- Participation in LGA recruitment reset programme to ensure sector led best practice adopted
- Continued development of Linked In to develop pipelines for hard to fill roles
- Continue to see a high reliance on agency staff in some technically specialist areas - targeted work in high spend areas is underway utilising different recruitment options to reduce spend

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood risk matrix — Current risk score at Impact 3, Likelihood 4; Target risk score at Impact 2, Likelihood 3. Score: 12

Controls in operation:
1. Council wide workforce planning, which is aligned to the strategic objectives of the organisation, identifying skills shortages and areas of oversupply
2. Skills matrix outlining resourcing approach for different roles e.g. directly employ, contract out, develop internally, recruit part qualified etc
3. Monitoring of workforce data at Directorate and Service Leadership Team meetings with the introduction of dashboards including lead & lag indicators
4. Effective workforce planning utilising service level resource plans to identify gaps and highlight issues, recognising key drivers such as workforce age and actively developing and managing succession plans
5. Coordinated approach to vacancy management across the organisation through People Panel
6. Streamlined recruitment journey, making end to end process for both recruiting manager and candidates efficient and easy to navigate
   Robust performance management process ensuring under performance/absences are addressed in an appropriate and timely manner
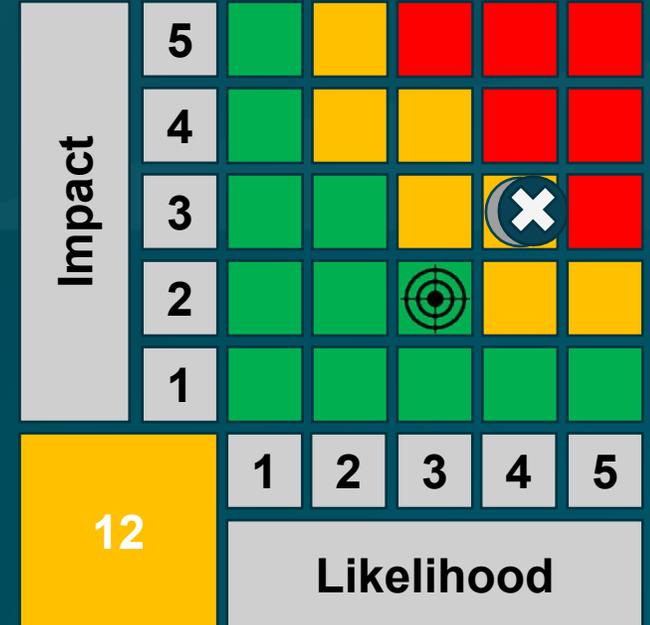
Further actions underway:
1. Further development and embedding of workforce planning – piloting refreshed strategic workforce planning approach
2. Development of pre-agreed response position against vacancies in key roles / role families so stages can be skipped or completed concurrently. Eg redeployment – internal – external – agency. To include consistent approach to market rate supplements.
3. Participation in local government recruitment campaign and national LGA talent transformation workshops to develop solutions to common recruitment and retention challenges
4. Close monitoring of retention metrics, leavers destinations, exit interview insight to identify trends and implement mitigating actions if appropriate
5. Targeted activity to address reputation / perception issues in specific recruitment markets
6. Development of skills to effectively manage increase in contractor resource to ensure value for money – eLearning module under development by L&OD
7. Continue to develop organisational awareness of FTE performance metrics and consequential impacts of increase / reduction in FTE levels

Kirklees COUNCIL

PS02 Industrial and disruptive action

Risk that service delivery is impacted by prolonged industrial and disruptive action, triggered by service changes, budget reductions/pressures, asset rationalisation, changes to ways of working and any compulsory redundancies.

Risk Owner: Shauna Coyle, Head of People Services

Quarterly update:
- There continues to be complexity, and a high volume of employee relations matters and delays with tribunal cases - some of this is linked to service change activity however the position is also reflective of the national picture
- Consultation underway for Schools Support Staff Negotiating Body (SSNB) and Adult Social Care Fair Pay

Current risk score

Previous risk score

Target risk score

Impact

Likelihood
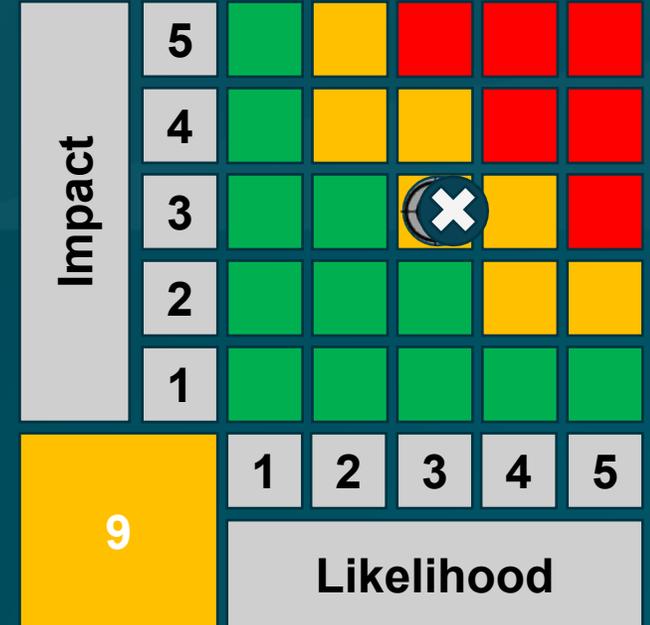
Controls in operation:
1. Service change consultation meetings taking place with local and regional TU reps.

2. TU and Senior Leaders liaison arrangements – JCG's, TU meetings, dedicated service change meetings, workforce matters, ongoing dialogue/informal meetings with TU's via Head of People Services/HRM's

3. Service Business continuity plans consider impact of industrial and / or disruptive action

4. Transition arrangements considered/consulted on for each service change

Further actions underway:
1. Recently appointed HR Manager has focus on Employee Relations providing additional resource and support

2. Reviewing and updating TU membership and facilities time

3. On going training of staff and legislation changes

4. Actions are underway to understand and address Equal Pay emerging risk and potential consequences.

SI01 Data Integrity

Risk that inaccurate, incomplete or inconsistent data leads to poor decision making resulting in misinformed strategies, operational inefficiencies, ineffective resource allocation, poor outcomes for citizens and failure to comply with statutory and regulatory requirements.

Risk Owner: Mike Henry, Head of Data & Insight (D&I)

Quarterly update:

- Loss of key staff within the Data and Insight Service has reduced the level of support that can be provided to service areas

Risk Matrix

Impact / Likelihood

Current risk score (X)
Previous risk score
Target risk score (target)

Score: 12
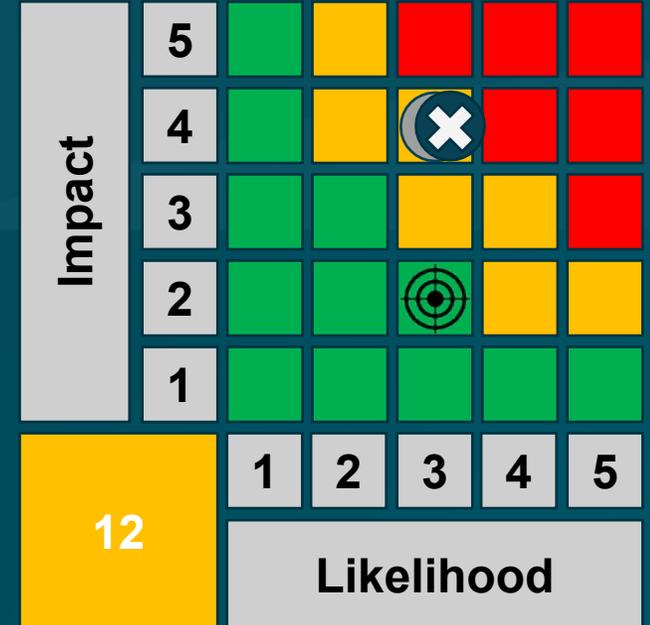
Controls in operation:

1. Regular prioritisation of Data and Insight resources and activity to ensure they reflect council priority areas
2. Targeted interventions to improve the management and integrity of data are being applied on a case-by-case basis in high risk/profile areas
3. Information Asset Owners responsible for the integrity of their services data and provide a written judgement of the security and use of their assets annually
4. External Audit provides assurance of key financial data
5. Internal Audit validation of accuracy on UKSPF and WYCA grant funding submissions

Further actions underway:

1. Improvements in data governance and data management to be considered as part of the council's new Digital Strategy / Transformation Programme (Q4 25-26 deliverable)
2. Investment in tools and technology to improve the council's governance and management of data is being considered
3. Continued focus on raising awareness and improving knowledge of data governance and data management within services across the council
4. Focus on developing workforce skills and capability – 40+ staff completed or pursuing data apprenticeships (L3 – L6)

Kirklees COUNCIL

SI02 Relationships with key partners

Risk of poor outcomes for Kirklees in terms of priority setting and funding allocations caused by failure to develop and maintain effective relationships with key regional and local partners and organisations, impacting on our ability to meet statutory and local requirements.

Risk Owner: Stephen Bonnell, Head of Policy, Partnerships & Corporate Planning

Quarterly update:

- Significant partnership engagement is underway to refresh our 'partnership framework', which includes our borough vision, shared outcomes, and how we work together. This will continue at Picture of Kirklees in November.
- Changes to the focus and funding of national health organisations announced and are being proactively monitored
- Partnership working with WYCA is evolving ahead of an integrated funding settlement in April 2026. This includes adjustments to decision making processes.
- Coordination meetings with TSL (Third Sector Leaders) leadership continue and inform several action areas including identifying improvements to the way the council works with and supports the third sector. Funding will reduce in March 2026 with the ending of the UKSPF, contingency planning is underway to identify opportunities.

Current risk score (X)
Previous risk score (grey circle)
Target risk score (target)

Impact / Likelihood risk matrix

Controls in operation:

1. Effective senior officer and member representation through WY committees and several key informal engagement groups, including WY Chief Executives, Directors of Development, WY Strategy Leads, and monthly WY ICB leadership meetings
2. Local partnerships, including Partnership Executive, Kirklees Health & Wellbeing Board, Communities Board, Safeguarding Boards, and other bilateral and multilateral groups
3. Top tier partnership strategies outline how partnership working will contribute to the achieving our vision for Kirklees with agreed shared outcomes.
4. Outside body representation formally noted at Corporate Governance & Audit Committee on annual basis
5. External Funding strategic relationship mapping across all directorates
6. Briefing arrangements to support members and officers attending meetings
7. Internal senior level coordination group established: WY Monthly Planning meeting with the Chief Exec, Deputy Chief Exec, Exec Director for Place, Leader, Deputy Leader
8. Regular health partner engagement
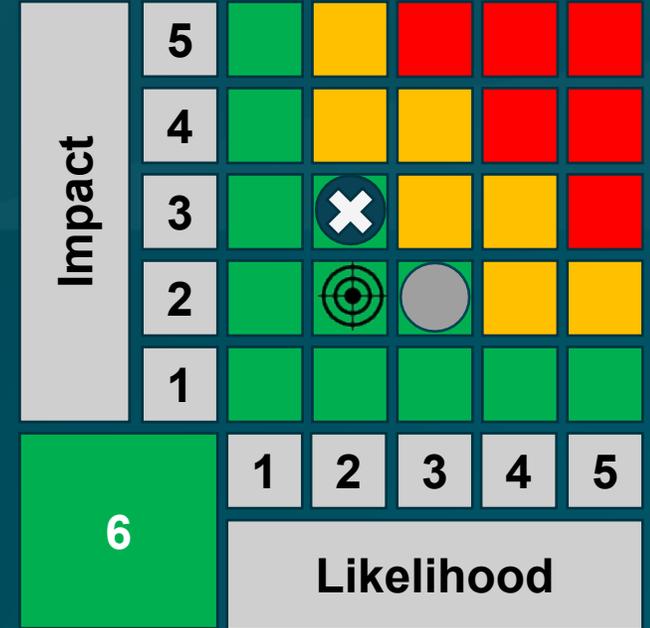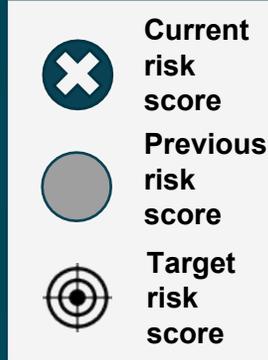
Further actions underway:

1. Refresh of our partnership framework, including our borough vision, shared outcomes, and how we work together
2. Work developing on improving partnership working at a West Yorkshire level
3. At a series of business engagement events over the Autumn and Winter, we are engaging with business and economic partners on the Inclusive Economy Strategy
4. Building connections between teams to support broader relationships and connections, minimising the risk associated with individual relationships and points of contact
5. Bilateral conversations to address issues and opportunities relating to specific areas of collaboration. This includes with WYCA and other West Yorkshire local authorities
6. As part of the corporate peer challenge action plan, we are considering a review existing business and economy engagement mechanisms to identify areas for improvements
7. Joint working with ICB colleagues on neighbourhood level collaboration across council services and local health services

Kirklees COUNCIL

SI03 Cyber Security

The risk of a data breach and / or impaired system functionality caused by a malicious cyber-attack leading to inability to deliver council services, costs to recover / compensate and associated reputational damage

Risk Owner: Terence Hudson, Head of Technology

Quarterly update:
- Cyber Assessment Framework (CAF) implementation continues.
- Desktop cyber incident simulation due to take place next quarter as per CAF plan.
- Work continues in partnership with Emergency Planning to test major incident and test plans.
- The use of untrusted AI bots remains an issue but IG and IT work together to provide guidance on removing them from meetings
- Business cases for additional security controls have been submitted that covers further endpoint protection, identity and privilege management, and threat detection.
- PSN penetration testing is under way and remedial action plan will be produced to address risks.

Current risk score ⊗
Previous risk score ●
Target risk score ◎

Impact / Likelihood matrix

Impact: 5, 4, 3, 2, 1
Likelihood: 1, 2, 3, 4, 5

16
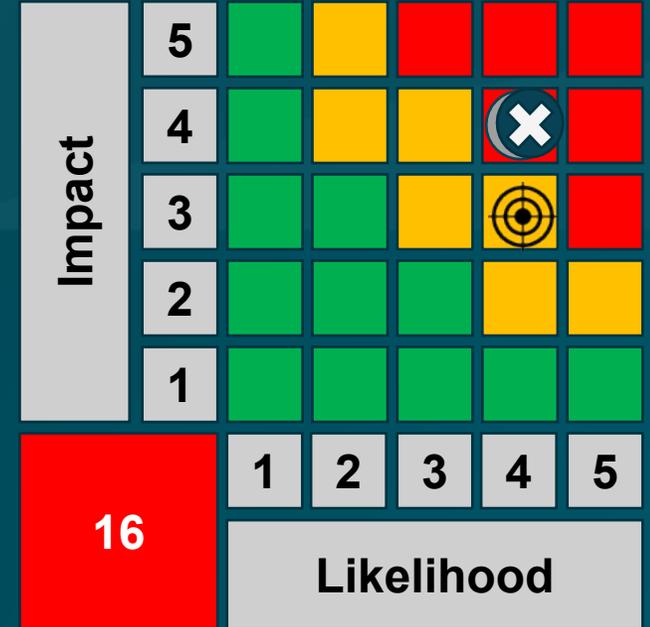
Controls in operation:
1. Documented and approved Cyber Strategy: A WY ICS Cyber Strategy is being developed which we will adopt and replace the existing strategy
2. Adherence to National Cyber Security Centre (NCSC) guidance
3. Self assessment and independent validation of our cyber risk exposure through the NCSC Cyber Assessment Framework
4. Penetration tests and PSN accreditation is maintained on an annual basis
5. Annual compliance with the NHS Data Security & Protection Toolkit (DSPT)
6. Access to core systems restricted through Privileged Access Management
7. Information Governance Board (chaired by SIRO) undertakes review of risk and controls on 6 monthly basis to provide assurance
8. Regular communications and mandatory training (IG) to ensure that staff are fully aware of their responsibilities and to highlight potential risk areas

Further actions underway:
1. Ongoing monitoring of the threat landscape, which continues to increase in terms of sophistication and requirement of response
2. Consideration of cyber security risk throughout the development of the new Kirklees Council Digital Strategy. Evaluation of the risks and opportunities involved with the usage of Artificial Intelligence as part of this strategy
3. Explore the possibilities and cost implications of further perimeter controls, e.g. Enhanced 'Security Operation Centre' services such as 24x7 external on-call support to complement our capacity; Acquire Office 365 E5 licences
4. Enhanced focus on assessment of third-party cyber risk, work underway across Procurement, IT and IG to implement more robust pre-contract assurance and ongoing assessment of control adequacy and performance
5. Review market for cyber insurance with consideration given to cover, exclusions and value for money

Kirklees COUNCIL

LGC01 Corporate Governance

Failure to ensure that effective processes, frameworks and relevant training are in place and adhered to in order to facilitate compliant and legally sound decision making, avoiding subsequent challenge and reputational damage. Applies to Members, Officers, and the relationship between them.

Risk Owner: Samantha Lawton, Service Director Legal & Commissioning

Quarterly update:
- Refreshed/additional guidance on decision making procedures in place. Online courses continue to be developed to assist officers and Members navigate decision making routes and committee process, including scrutiny.
- Governance Officers are attending SLT's to promote good governance and re reinforce procedures.
- Refreshed induction and Member development offer being developed to include training on open and transparent decision-making processes

Current risk score

Previous risk score

Target risk score

Impact

5					
4					
3		⊙	✕		
2					
1					
9	1	2	3	4	5

Likelihood

Controls in operation:
1. Constitution (including Constitution Working Group)
2. Leader & Cabinet model with portfolio holders and scrutiny function
3. Code of Conduct for Members and Officers
4. Scheme of delegations approved to ensure effective delegated decision making and transparent recording
5. Report templates and detailed guidance
6. Annual Governance Statement
7. Fraud, Bribery & Corruption Policy
8. Conflicts of Interest Policy and Protocols for Gifts & Hospitality
9. Member and Officer induction and training
10. Whistleblowing procedures
11. Internal & External Audit
12. Financial Procedure Rules and Contract Procedure Rules
13. Code of Corporate Governance
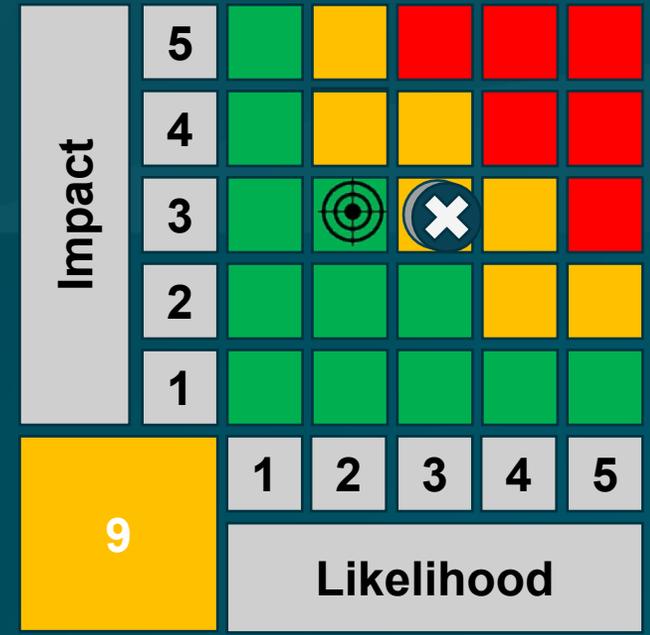
Further actions underway:
1. Further consideration of updates to constitution to facilitate effective decision making overseen by the Constitution Working Group (CWG), which will continue during the current municipal year. CWG reports to CGAC and Council as part of the updating of the Constitution by the Monitoring Officer

2. KPI's in development to monitor and ensure statutory compliance with Local Authorities (Executive Arrangements, Meetings and Access to Information Regulations)

3. Cross Party Budget Working Group to re-convene

Kirklees COUNCIL

LGC02 Information Governance

Failure to process (obtain, hold, record, use, share) information in line with the UK General Data Protection Regulations, Data Protection Act, Freedom of Information legislation and other relevant legislation leading to regulatory censure, fines, and associated reputational damage

Risk Owner: Samantha Lawton, Service Director Legal & Commissioning

Quarterly update:
- Significant increase in the number of FOIs received in Q2
- No incidents were reported to the ICO in Q2
- The IG Annual Report was presented to Corporate Governance and Audit Committee
- Continuing to fulfil the requirements of the data sharing audit action plan
- Subject Access Requests on the backlog continue to rise

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood matrix showing Impact (1–5) and Likelihood (1–5), with score **12**

Controls in operation:
1. Approved policies including Data Protection and Information Governance Policies
2. Information Governance Board has delegated responsibility to oversee information governance issues and reports to the Executive Team and Corporate Governance and Audit Committee as appropriate
3. Mandatory training provision for all staff annually, plus additional training is available online or in-person, directly from the IG Team
4. Online reporting functionality for information security incidents
5. Regular communications via corporate channels to staff
6. Guidance documentation available via the intranet to support staff
7. Privacy notices available on the corporate website, enabling transparency with Kirklees residents
8. Annual compliance with the NHS Data Security and Protection Toolkit (DSPT)
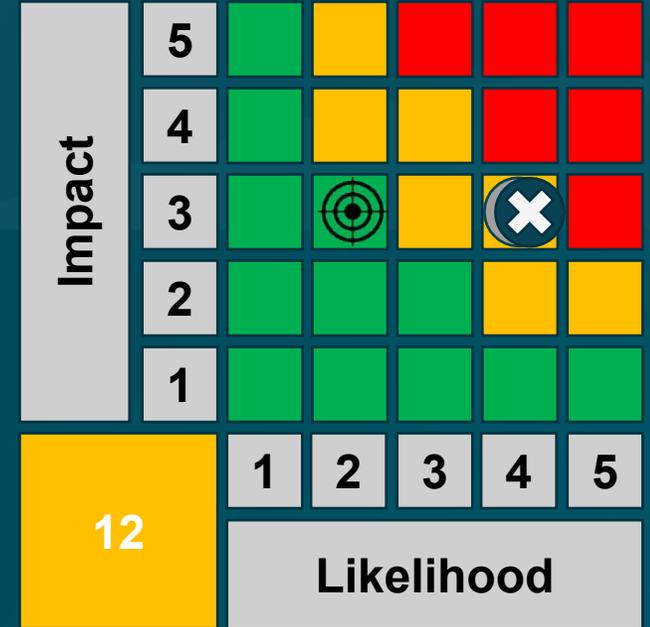
Further actions underway:
1. Development of a UK GDPR Complaints process

2. Review of IG Team ways of working to address SARs backlog continues, including development of a business case to implement a technical solution to support with SARs management

3. The 2025/2026 DSPT has launched, work is underway to demonstrate compliance for submission in June 2026

Kirklees COUNCIL

LGC03 Procurement

Risk that the council enters into contracts with suppliers / commissioned service providers that do not secure the intended outcomes, due to inadequate or non-adherence to processes and procedures resulting in increased costs, reduced benefits and possible statutory breaches and reputational damage.

Risk Owner: Samantha Lawton, Service Director Legal & Commissioning

Quarterly update:

The risk score is unchanged this quarter, indicating some stability in this area. Buyers can access guidance on the Procurement intranet page, which details the essential elements of the procurement process. A refresh of the Procurement Strategy is currently in progress and is expected to be finalised during Q3.

The service continues to contribute to the delivery of Our Council Priorities by applying a category management approach, ensuring procurement activities are strategically planned, adequately resourced and focused on achieving the best outcomes for the Council.

Current risk score
Previous risk score
Target risk score

Impact

Likelihood

8
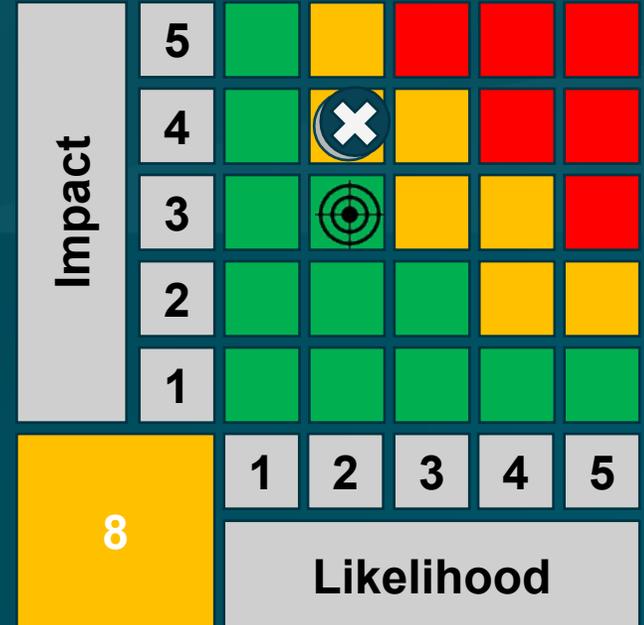
Controls in operation:

1. Procurement Strategy
2. Contract Procedures Rules, reviewed and approved on an annual basis (May 2025 latest version)
3. Agreed roles & responsibilities across key stakeholders in procurement journey: Procurement, Service lead, Legal, Technology, Data etc…
4. Effective pipeline management through use of Category trackers
5. Utilise the regional procurement portal - YORtender
6. Category Managers aligned to service areas
7. Procurement staff training up to date, including Procurement Act changes
8. Contract register maintained
9. Contract Assurance Oversight Board
10. Declaration of Conflicts of Interest process in place

Further actions underway:

1. Publication and communication of the updated Procurement Strategy, reflecting changes required as a result of the Procurement Act 2023

2. Development of e-learning training modules for staff involved in procurement activities to raise awareness and upskill across the procurement lifecycle

3. Working with Data & Insight to identify instances of off-contract spend and develop controls to prevent reoccurrence

4. Continued vigilance of the external market to understand new trends and emerging risks as a result of process changes triggered by the Procurement Act

Kirklees COUNCIL

LGC04 Contract Management

Risk that suppliers do not provide goods / services in line with contractual agreements and / or a failure to identify, control and manage risks arising through supplier / contractor activity due to lack of robust oversight and quality assurance arrangements.

Risk Owner: Samantha Lawton, Service Director Legal & Commissioning

Quarterly update:
The Contract Management Review, supported by the Transformation Team, is nearing completion. The updated Contract Management Framework will be published on the intranet in Q3, offering templates and guidance for Contract Managers. An introductory training module is now available on MyLearning and will be promoted through the intranet and SLT meetings next quarter.
As this approach becomes embedded, we expect to see a reduction in overall risk. However, it may also highlight areas of significant risk exposure that will require clear ownership and appropriate escalation.

Current risk score ⊗
Previous risk score ●
Target risk score ◎

Impact

5					
4				⊗	
3					
2		◎			
1					

16

| | 1 | 2 | 3 | 4 | 5 |

Likelihood

Controls in operation:
1. Contract Assurance Oversight Board (CAOB) has oversight of significant contracts. The Board has a ToR and meets regularly
2. Council wide Contracts Register in place
3. Contract management framework and guidance documents published on intranet to promote a consistent approach across the organisation.
4. Contract management e-learning module available for all contract managers to access on the MyLearning portal.
5. KPIs / outcome measures / specifications that will be used to monitor performance are agreed pre contract completion and defined within contractual documentation
6. Contract handover document is produced by Procurement team and provided to contract manager. Document details contract manager responsibilities and specific KPIs that will need monitoring
   Dedicated resource is in place within some Directorates which provide guidance, consistency and rigour in approach
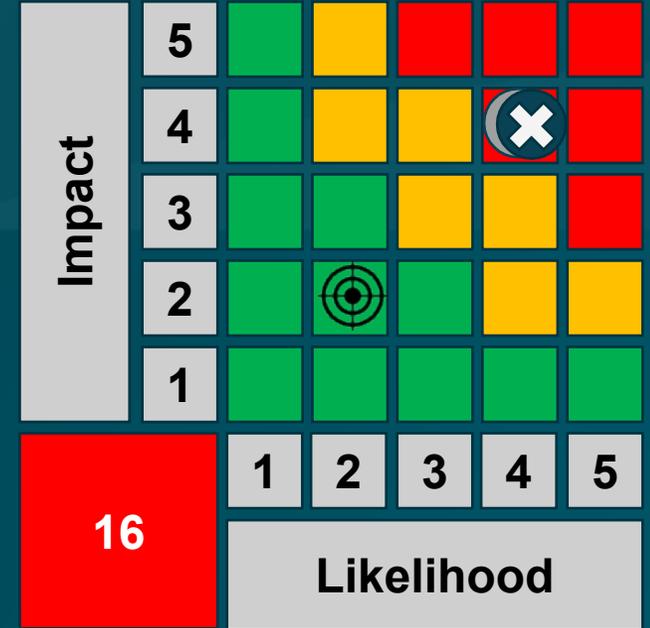
Further actions underway:
1. Implement a Contracts Dashboard to support regular review within services and provide assurance / identify issues across all active contracts
2. Increased focus on robustness of processes for performance monitoring e.g. source of performance data, frequency, timeline to recover, penalties for non delivery
3. Monitor use of e-learning module on contract management to ensure take up from contract managers and exploiting opportunities available through the Government Commercial College
4. Communications programme to raise awareness of requirements under the new contract management framework and training opportunities available to support
5. Development and formalising of approach, including resourcing requirements, to ensure best outcomes from PFI contracts as they approach termination, involving all relevant stakeholders

Kirklees COUNCIL

HP01 Emergency Planning & Business Continuity

The risk that the Council's incident management / emergency planning is insufficient to manage a serious incident or series of related incidents leading to short term or prolonged impacts on the Kirklees community and Council employees and operations.

Risk Owner: Jane O'Donnell, Head of Health Protection

Quarterly update:
- Major Incident Plan reviewed in-line with review schedules and learning from incident response
- School toolkit for Martyn's Law launched and introduction workshops being rolled out.
- Delivered a corporate exercise of evacuation of high-rise block of flats
- Tested the procedure for sending messages for security incidents to computer screens and asked publicly accessible buildings to test their plans
- Participated in the National exercise Pegasus and submitted Emergency Preparedness Resilience & Response audit

Current risk score ✖
Previous risk score ⬤
Target risk score ◎

Impact / Likelihood risk matrix

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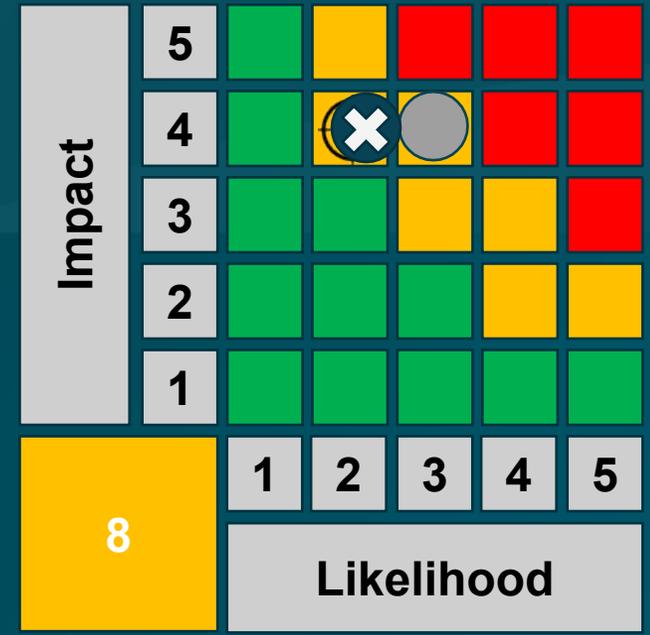
Controls in operation:
1. Embedded emergency management system that aligns to national guidance (.gov, etc)
2. Readiness and competencies are monitored through completion annually of a self-assessment audit
3. Governance through Kirklees Health Protection Board and Local Resilience Forum
4. West Yorkshire Resilience Forum Community Risk Register
5. Business Continuity Resilience 'pulse check' completed on a monthly basis by all Services
6. Training people on their roles/responsibilities and exercising of plans.
7. Major Incident Plan and associated appendices
8. Collaborative working and information sharing with key stakeholders
9. Personal Security Maturity Assessment completed for the organisation

Further actions underway:
1. Continue to test Invacuation, Lockdown and Run, Hide, Tell procedures.
2. Evaluate the impact of NHS reorganisation on Kirklees
3. Develop an events Toolkit for Martyn's Law
4. Audit of Public Access Trauma (PAcT) kits and grab bags

Kirklees COUNCIL

HP02 Health & Safety

Failure to provide appropriate framework, guidance and monitoring of corporate H&S statutory requirements results in a preventable H&S incident involving colleagues and / or members of the public with possible financial, legal and reputational impacts

Risk Owner: Jane O'Donnell, Head of Health Protection

Quarterly update:
- Review of H&S documentation in Operational Services
- On-going work to introduce medication, alcohol and drugs awareness training in Highways and Operational Services
- Supported Operational Services following HSE inspection/follow up activity
- IOSH for Senior Executives now at 90% compliance

Impact / Likelihood matrix

5					
4		⊗			
3		◎			
2					
1					
8	1	2	3	4	5

Impact (vertical), Likelihood (horizontal)

- ⊗ Current risk score
- ● Previous risk score
- ◎ Target risk score
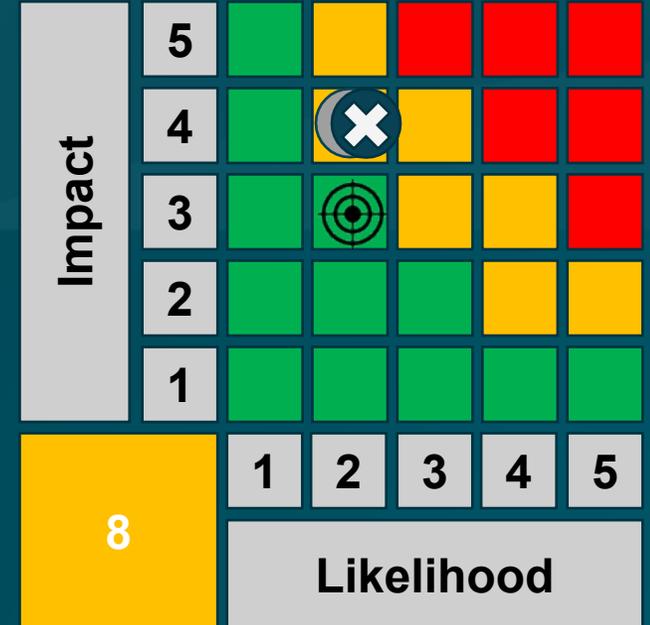
Controls in operation:
1. Policy, Strategy and associated guidance reviewed regularly. Legal compliance is the accepted minimum standard
2. Governance through H&S Oversight Board which meets quarterly and is chaired by Strategic Director. Board reports onwards to ELT with six monthly corporate H&S performance report
3. Mandatory training matrix specifies minimum level of H&S training dependent on job role.
4. Online incident reporting system. Accident, incident and near miss reports monitored and investigated as necessary
5. Reportable Injuries, Occupational Diseases and Dangerous Occurrences are reported to the HSE in line with RIDDOR regulations
6. Embedded safety advisor role sits within relevant Service organisational design to provide advice and guidance
7. Management review and inspection of high & medium risk premises

Further actions underway:
1. Target for 2025/26 of 70% Employee uptake of Corporate H&S eLearning

2. Launch Health & Safety Guidance Note No. 22: Driving for Work – 'Grey Fleet'

3. New Head Teacher induction to be progressed.

4. Continue to encourage Kirklees Leadership Team complete the IOSH Managing Safely for Senior Executives training

Kirklees COUNCIL

CF01 Childrens Safeguarding

Risk of children and young people being at risk of significant harm due to increased complexity, referral volumes and a lack of service capacity to respond to the assessed need.

Risk Owner: Vicky Metheringham, Service Director Child Protection & Family Support

Quarterly update:

Families First Partnership (FFP) programme in progress. The governance has been established and a programme with controls is in development

Impact

5					
4					
3		✕			
2					
1					

| **6** | **1** | **2** | **3** | **4** | **5** |

Likelihood

✕ Current risk score

⬤ Previous risk score

◎ Target risk score

Controls in operation:

1. Governance and senior management oversight – e.g. QA panel, scrutiny, Ambition Board
2. LADO procedures in place
3. Disclosure & Barring Service (DBS)
4. Robust procedure in place to manage unregulated provision, if required
5. Training & supervision, Learning Conversations, Practice Learning Days, annual practice week,
6. Well embedded Kirklees Safeguarding Children Partnership (KSCP)
7. Caseload management and Independent Reviewing Officers' oversight
8. Rolling recruitment to key posts
9. Enhanced oversight of practice
10. Corporate parenting approach and support to care leavers has improved.
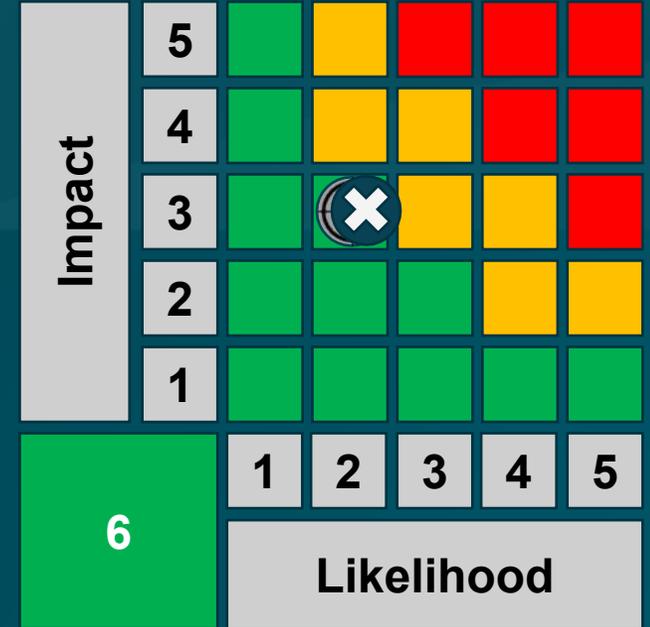
Further actions underway:

1. Implementation of Integrated model to meet requirements of Stable Homes Built on Love (McCallister recommendations), "Families First" and updated Working Together guidance
   - Phase 1 & 2: Completed April 2024 and January 2025 respectively
   - A paper with outcome of the Phase 2 review and any recommendations for Phase 3 will progress through governance in Q3

2. Planning activity is underway preparing for the Children's Wellbeing and Schools Bill, utilising regional networks and establishing appropriate oversight and governance arrangements to track required outcomes

Kirklees COUNCIL

CF02 Education, Health & Care Plans, SEND compliance & financial impact

Risk that the EHCP operating model does not meet client or council needs, due to increases in demand, complexity of client needs and a lack of existing local provision, resulting in missed statutory deadlines, regulatory scrutiny, reputational impact and financial consequences

Risk Owner: Jo-Anne Sanders, Service Director Learning & Early Support

Quarterly update:
- SEND area inspection outcome published in August and post inspection Action Plan agreed .
- EHCP service continues to embed new processes and drive improvements in efficiency and performance. New EHCP processing times continue to improve, cumulative and in month performance at 20 weeks is ahead of England national average
- Annual reviews, which remain below national averages, being prioritised at change of phase to ensure requirements are up to date, however this remains an area of pressure
- Cost of placements continue to exceed budget, and impact on budget lines held elsewhere

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood matrix

Impact: 5, 4, 3, 2, 1
Likelihood: 1, 2, 3, 4, 5

16
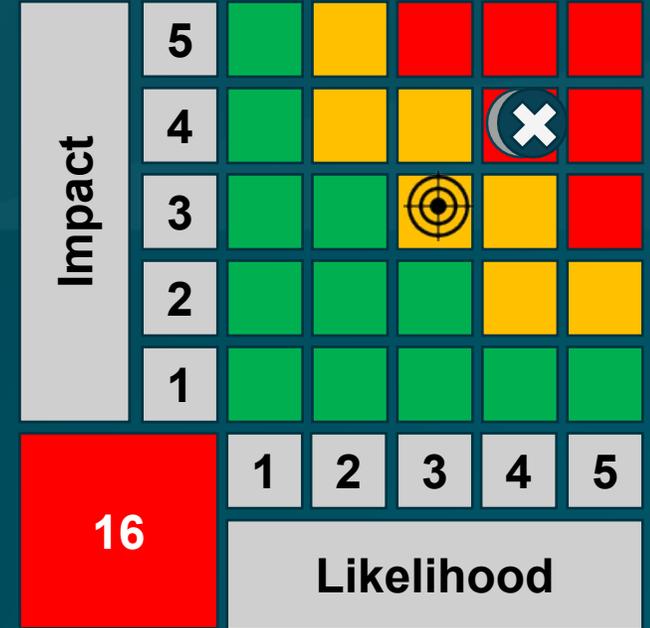
Controls in operation:
1. Documented process in place for new and reviews of existing EHCPs
2. Performance monitoring in place utilising enhanced reporting data and quality assurance framework to maintain quality and drive continuous improvement
3. Effective financial controls in place including panel scrutiny and approval of external placements.
4. Safety Valve commitments subject to ongoing monitoring and financial returns provided to the DfE on a quarterly basis
5. Governance and communication strategies across stakeholder community reflecting the systemic ownership and ensuring partners are updated on priorities, progress and risk in a timely manner
6. Fortnightly sufficiency meeting in place for agreeing strategies for provision gaps.

Further actions underway:
1. SEND Transformation programme in place to support change delivery
2. Capacity in place to support parents who wish to progress to mediation over EHCP outcome, with the intention to support early resolution and reduce the number of cases progressing to tribunal
3. Cluster end of year review has enabled refresh of Cluster Handbook and report being prepared to summarise.
4. Rolling programme of recruitment and workforce development to address areas of significant pressure including turnover e.g. in EHCP team
5. Local provision will be enhanced by delivery of two new special schools (both 2027), which should contribute to an improvement in financial position, further sufficiency planning (including post 16 opportunities) underway.
6. Engagement with partners and relevant bodies to prepare for and respond to Schools White Paper that is expected in November 2025 (now delayed)

Kirklees COUNCIL

AH01 Adults Safeguarding

Failure to adequately safeguard vulnerable adults from harm, abuse and neglect because of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need.

## Risk Owner: Cath Simms, Service Director Adult Social Care Operations

Quarterly update:
- Developing practice to improve professional portal admin to ensure no backlogs.
- Kirklees Safeguarding Adults Board (KSAB) development day to identify key priorities for 2025/26
- New safeguarding training commissioned by KSAB rolled out to all teams, evaluation taking place
- Learning from Safeguarding Adult Reviews (SAR) priority action from KSAB – membership at SAR sub-group reviewed and expanded

Current risk score

Previous risk score

Target risk score

Impact / Likelihood matrix — Current risk score at Impact 4, Likelihood 2. Score: 8

Controls in operation:
1. Corporate Safeguarding Policy reviewed regularly (Jan 2024)
2. Mandatory training requirements and additional training where need identified
3. Person in position of trust (PIPOT) process in place – being reviewed.
4. Self-neglect policy and pathway in place. Self-neglect cases managed through the multi-agency risk escalation conferences
5. Adult's representation on all strategic and operational groups related to safeguarding (such as; Prevent, Domestic Abuse and Modern Slavery)
6. Governance through Kirklees Safeguarding Adults Board and Health & ASC Scrutiny Panel
7. Learnings and improvement plans from Safeguarding Adults Reviews (SAR) reports
8. Prioritisation and escalation managed by Safeguarding Service Manager
9. Large Scale Safeguarding Enquiry (LSE) policy is being reviewed
10. Waiting Well policy rolled out in the hubs – S42 enquiries allocated within 48 hours
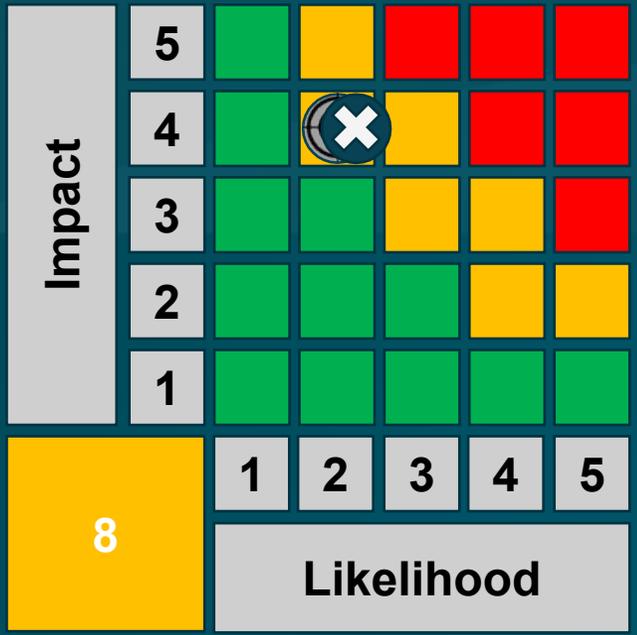
Further actions underway:
1. Safeguarding professional portal and care homes portal are being reviewed – improvement plan developed, and additional temporary staffing agreed.

2. Improvement plan for Data Quality for safeguarding referrals, concerns and S42 enquiries progressing.

3. PIPOT policy is being revised, to ensure internal processes are clear and in line with parallel Council procedures. Delayed from Q1, plan developed and agreed with revised timescales for full implementation.

Kirklees COUNCIL

CAS01 Community Cohesion, Wellbeing & Resilience

Risk of public disorder due to failure to monitor and mitigate rising community tensions, matters of violent extremism and related safer, stronger community factors, including criminal exploitation and national / international incidents

Risk Owner: Jill Greenfield, Service Director Communities & Access Services

Quarterly update:
- Regular tension monitoring briefings delivered to staff to raise awareness around how to report tensions to Safer and to Partnership Intelligence Portal (PIP). This quarter has included schools across the district
- Prevent training with schools continues, prevent training delivered to community facing individual's / representative of a range of services and organisations
- Awareness campaigns have taken place during this quarter which includes, for example ASB week
- Key Performance Indicators embedded within strategic priority theme groups to assess risk, system pressures, effective action
- Work with policy and faith leaders, established connections operationally to strengthen partnerships

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood matrix — Current score **12**

Controls in operation:
1. Dedicated community tensions monitoring process and a clear procedure to process intelligence related to protests and tensions. Procedure includes Police and Emergency planning colleagues.
2. Weekly tensions monitoring meetings are held with all relevant partners, escalations are reported into Police Silver and via Safer/Emergency Planning internally dependent on issue. Silver/Gold groups in place for oversight.
3. The Prevent Action Plan prioritises community engagement, critical thinking and ideological issues and seeks to mitigate risk.
4. Engaging with and enabling opportunities for communities to build relationships and counter extremist narratives.
5. Building community resilience via the Inclusive Communities Framework.
6. Community Partnership Plan (statutory requirement) informed by annual Strategic Intelligence Assessment

Further actions underway:
1. Expanding community tension awareness and reporting across council services as continuous reminder as staff move on from roles etc – Q4 25/26
2. Deliver awareness campaigns for White Ribbon (Violence against Women & Girls), Domestic Abuse and Hate Crime alongside partners - Q2 and Q3 pending 25/26.
3. Serious Violence partnership high priority area work to support direction of resources, community engagement including commissioning of interventions – Q4 25/26
4. Prevent Engagement and Training Home office projects tendering and commissioning to complete, and delivery to begin – Q3
5. Strategic Intelligence Assessment (SIA) further developing to inform the Strategic Priorities for the new Partnership Plan to be worked through with Overview, Scrutiny & Management Committee (OSMC) in early 2026 ahead of developing the full plan - Q1 2026/27

Kirklees COUNCIL

DEV01 Corporate Assets

Failure to effectively manage the liabilities arising from the council ownership and management of corporate assets, including building safety and financial liabilities, caused by failure to implement the corporate property strategy and insufficient control environment

Risk Owner: Joanne Bartholomew, Service Director Development

Quarterly update:
- Building Safety compliance levels continue to improve and meet current regulations
- Asset rationalisation continues to progress well and on track to meet income target
- External review of council assets has concluded with recommendations being developed that will deliver a sustainable property estate, of appropriate size and condition, within available financial constraints
- Additional resources recruited to Public Private Partnership expiry posts internally, resulting in reduced capacity in day-to-day management of the contract
- Review of schools traded service ongoing with good feedback regarding proposed offer from Schools

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood matrix with current risk score marked at Impact 3, Likelihood 3. Target risk score 9.

Controls in operation:
1. Condition surveys – 5-year cyclical plan in place for all assets, final buildings to be surveyed in 25/26, 1 year ahead of projections. Any issues are reported to respective School or Corporate Facilities Management team immediately.
2. H&S Oversight Board, Building Safety & Assurance Board (Corporate)
3. Corporate Compliance Guide and supporting Processes & Procedures, available on the intranet
4. Programme of disposals and asset rationalisation to reduce available assets and use only as required to reduce revenue costs
5. New programme of Planned Preventative Maintenance being developed following data presented by Arcadis and how this will link to the new database
6. We remain part of NISTA contract expiry pilot, with condition surveys completed at a sample of 4 schools following the PFI Asset Condition Playbook. DfE and NISTA representatives are in place as observers on SPV Boards.
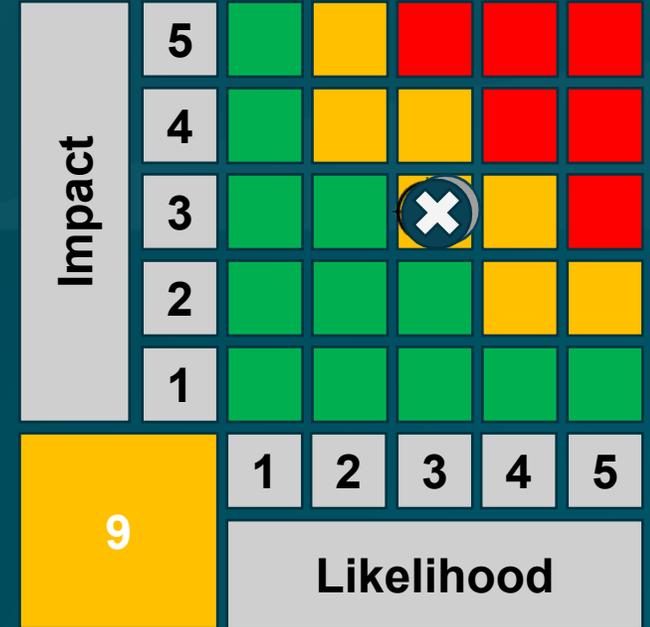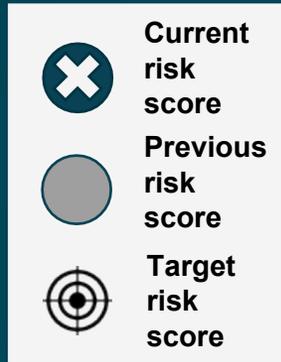
Further actions underway:
1. Procurement of new Corporate Assets Facilities Management database
   - Tender return date November 2025, projected implementation April 2026
   - Data upload to begin once implemented
2. Asset Strategy & Core Estate review
   - Asset Strategy being developed following recruitment of Asset Strategy Manager
   - Asset & Estate portfolio review planned to begin in Oct 2025 to work in conjunction with the new database
3. Continued focus on addressing issues at high priority assets including Dewsbury Sports Centre, Cleckheaton Town Hall, Batley Town Hall & Batley Library
4. Multiple savings templates created and issued to meet additional revenue savings targets requested in coming financial years, however these all present risks
5. New PFI Contract Oversight Board being set up and review of appropriate Officer / Member representation on relevant Boards being undertaken

Kirklees COUNCIL

DEV02 Homelessness and temporary accommodation

Insufficient availability of suitable accommodation options for temporary or permanent accommodation due to rising demand, reducing affordability and increasing complexity of priority need households, resulting in budget & legal challenge, poor customer outcomes and possible community cohesion issues

Risk Owner: Joanne Bartholomew, Service Director Development

Quarterly update:

- Demand pressures resulting in continued high usage of Temporary Accommodation (TA), at the end of Sept there were 369 households in TA, the number in B&B continues to reduce (115 at the end of Sept), demonstrating positive downward trend.
- Increased grant funding (c. £2.5m) awarded to Kirklees for 2025/26 to support homeless prevention, rough sleeping prevention and emergency accommodation pilot activity
- Longer term government approach to housing supply challenges remains unclear
- Ashenhurst TA lease extended. Sharples House TA – 3 flats occupied

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood matrix — Current risk score: 16

Controls in operation:

1. Preventing Homelessness and Rough Sleeping Strategy
2. Temporary Accommodation Placement Policy
3. Emergency Accommodation Procurement Framework
4. Regular monitoring and management oversight of all temporary accommodation placements – new two stage approval process now in place
5. Governance structure in place via Homelessness/TA Transformation Board which has oversight of TA demands and pressures in particular
6. Implementation and the effectiveness of the revised Kirklees Allocations Policy is monitored quarterly by a joint HSS/H&N Implementation Group. Portfolio Holder is briefed bi-annually on performance of the Policy
7. Collaborative working with Housing Growth to ensure housing supply pipeline provides options for low income and benefit dependent households

Further actions underway:

1. Development of private rented sector options to divert customers from TA, provide swifter 'move on' options and utilisation of flexible financial incentives
2. Review of all internal and customer facing communications throughout the customer journey to manage expectations and ensure the likelihood of securing differing types of alternative accommodation is clearly communicated
3. Ashenhurst scheme to provide additional 24 family units. Lease signed in Summer 2025, majority of extra units now occupied.
4. Transformation priority, with focus on reduction of B&B usage, expected to continue to support until end 2025-26
5. Effective utilisation of 2025/6 grants (HPG, RSI and new Emergency Accommodation Pilot grant) to maximise homeless prevention
6. Options to secure additional supply of TA through acquisition or lease from other landlords / providers reviewed on continuous basis
7. Dashboard under development to provide regular update on KPIs

Kirklees COUNCIL
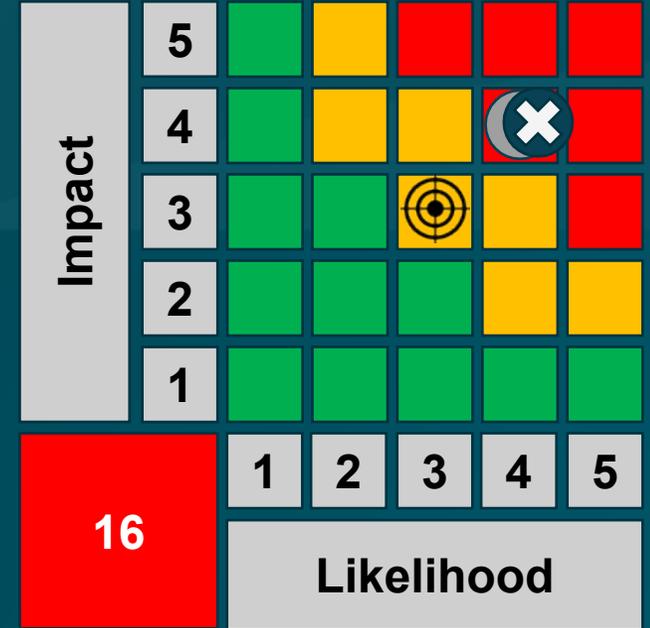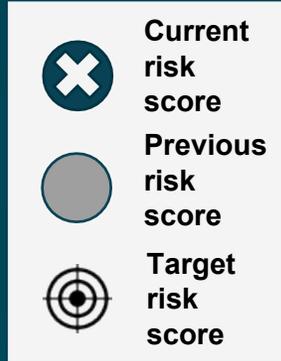
DEV03 Economic Growth & Resilience

Failure to deliver economic growth and resilience through regeneration and infrastructure developments due to ineffective targeting of projects, funding availability and delays / overspends in delivery leading to a decline in prosperity, less affluent communities and consequential reputational damage

Risk Owner: David Wildman, Service Director, Skills & Regeneration

Quarterly update:

- Our Cultural Heart on track for phase one opening in summer 2026
- George Hotel – objection by statutory consultee (Victorian Society) awaiting determination by Secretary of State at end of September 25 (subsequently granted by SofS October 25)
- Public interest in specific projects; Cleckheaton bus lane, Holmfirth Town Centre Access Plan

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood risk matrix — **12**
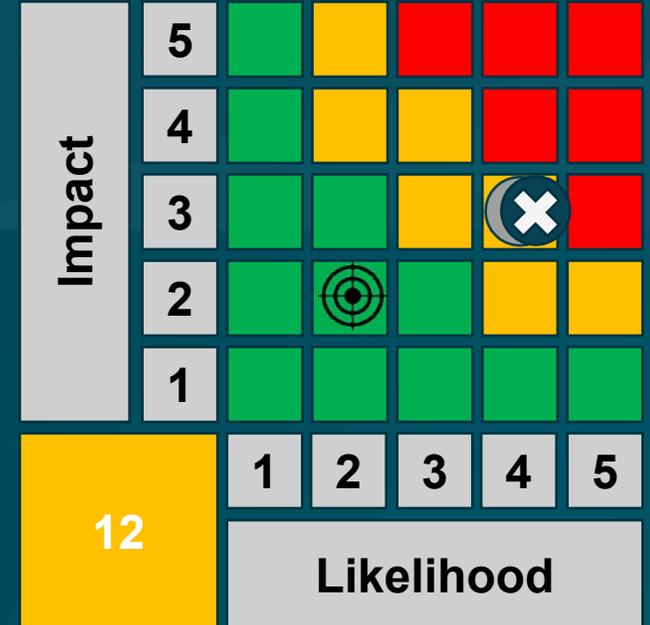
Controls in operation:

1. Formal project management approach (Prince2, Agile etc)
2. Clear approach to project governance including roles & responsibilities, documentation requirements and escalation routes
3. Key stakeholders (Procurement, Finance etc) engaged at outset and sign off agreed business case
4. Collaborative working to align funding requirements and sign offs where funding is provider by WYCA or other agencies
5. Revised governance in place with separate officer boards addressing Pipeline projects and those in Delivery
6. Working in conjunction with Strategic Delivery Partner(s)
7. Adherence to local planning authority policies and procedures

Further actions underway:

1. Council wide review of governance and reporting of the capital plan to focus on affordability, improvements to forecasting and support timely delivery

2. Improvements in contract management capacity and capability

3. Internal audit activity covering Project Management and Delivery

4. Consider how to ensure effective coordination of multiple projects within the same area, supported by comms strategy and appropriate Cllr involvement

Kirklees COUNCIL

HN01 Housing Safety & Quality

Risk that residential housing stock does not meet building safety regulations and / or the decent homes consumer standard resulting in service user dissatisfaction, complaints, regulatory scrutiny and reputational damage

Risk Owner: Phil Jones, Service Director Homes & Neighbourhoods

Quarterly update:
- Compliance with Awaab's Law achieved ahead of October 2025 effective date, with active cases now below 200
- Fire safety assessments remain ahead of schedule and are due to conclude in Q3. Mitigations remain in place across all blocks. Tranche 1 of the fire programme has commenced
- Review of five-year capital programme underway and nearing completion
- Stock condition programme launched in September 2025
- Cx system went live as planned, and the Total upgrade is on track for go-live in Q4 2025-26

Current risk score ⊗

Previous risk score ●

Target risk score ◎

Impact / Likelihood risk matrix — Current risk score **16**
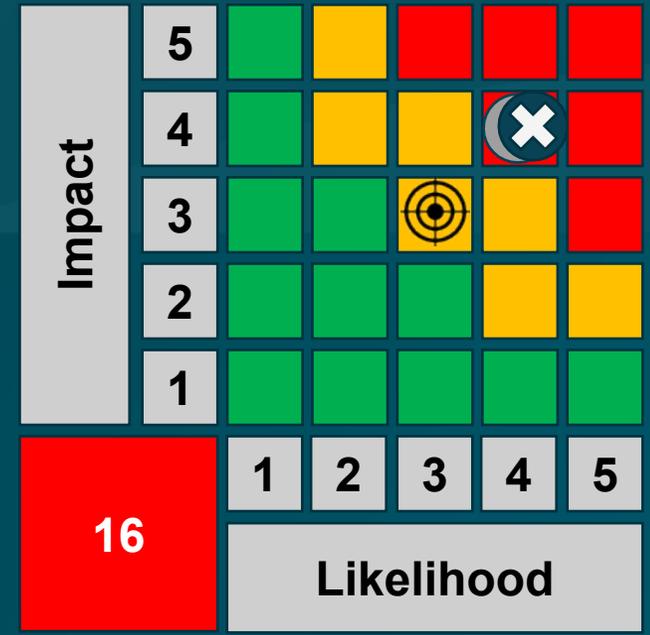
Controls in operation:
1. Regulatory Notice action plan and monthly meetings with Regulator of Social Housing to review progress updates
2. Appropriate governance structure in place to monitor actions and provide oversight of controls with clear escalation routes and accountability points
3. Policies and supporting Management Plans in place for all elements of Building Safety and Voids process
4. Fit for purpose operational systems, upgraded as required to ensure they continue to meet operational and compliance reporting standards.
5. 30-year Asset Management Plan – informed by stock condition surveys
6. Tenant Satisfactions Measures reviewed on a regular basis to ensure outcomes improve in line with expectations
   Principal contractor appointed providing additional project, programme and contract management capability across fire safety programme

Further actions underway:
1. Governance effectiveness review continues with focus on both membership and determining the required inputs to in scope Boards / Meetings
2. Review of 5 year Capital Investment Plan (£160m) nearing completion with new Investment & Capital Assurance Board to provide oversight
3. Stock condition surveys to inform future capital programme commenced in Q2 2025-26. 3 year programme with all archetypes surveyed in first 12 months informing prioritisation of future years activity
4. Development of technology roadmap to understand H&N future technology needs and optimum solutions to meet these needs
5. Implementation of Cx, housing management system is underway. Phase 1 went live in October 2025
6. Monitor and review of consultation on changes to Decent Homes Standard and consider impact of proposed implementation timescales

Kirklees COUNCIL

ECC01 Climate Change

Failure to mitigate and adapt to a more volatile climate, caused by insufficient resource, inadequate funding and a lack of prioritisation, leading to prolonged impacts on the natural environment, residents, communities, businesses and delivery of Council services.

Risk Owner: Katherine Armitage, Service Director Environmental Strategy & Climate Change

Quarterly update:
- The risk score has stayed high to reflect the ongoing impact from the absence of staff resource and the challenges faced by the team to recruit to critical posts, impacting the ability to use grant funding
- Successful recruitment to 3 roles which will be filled during Q3 however a senior vacancy remains, and the consultancy review is still in the pipeline
- Launch of salary sacrifice scheme for Electric or Hybrid Vehicles

Current risk score

Previous risk score

Target risk score

Impact					
5					
4				⊗	
3			◎		
2					
1					

16

1	2	3	4	5

Likelihood

Controls in operation:
1. Environment & Climate Change Scrutiny Panel in place to check & challenge work from the legacy Environment and Climate Change Service Area
2. Business continuity plans respond to severe weather event impacts, which are being made more extreme by Climate Change
3. Climate Change consideration included within the Integrated Impact Assessment which all new Council funded projects are required to complete
4. Climate Change and Environment Sustainability training is available on My Learning for Officers and Members, Completion rates continue to be tracked but remain low
5. Top tier partnership strategy, 'Environment Strategy; Everyday Life' in place following approval by Council in September 2024

Further actions underway:
1. A new approach to the Councils direct, operational Greenhouse Gas Emissions has been completed in draft and is currently going through governance for approval. This provides a new baseline of emission to inform future decision-making and required actions to for rapid emission reduction to achieve the authorities Net Zero by 2038 target
2. Focused efforts to fill remining vacant post
3. Efforts now to bring new team members up to speed to deliver on the Climate Action plan and Environment Strategy commitments, as well as better utilise dashboards and internal carbon reporting
4. External consultancy to undertake an in-depth review is still being considered, supported by Gainshare resources
5. The new staff team are carrying out a review to ascertain position of council re climate change matters to ensure most effective use of resources.

Kirklees COUNCIL

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Kirklees Council Risk Management Framework:

Risk Appetite Statement

September 2025

Introduction

Effective and meaningful risk management is about taking a balanced view to managing opportunity and risk. The council recognises that it must take risks to achieve its objectives and deliver beneficial outcomes to its stakeholders. This Risk Appetite Statement helps the council to identify the degree of risk that it is willing to take, to support delivery of our Corporate Plan and Priorities.

This document:
- Establishes definitions
- Provides a summary of the current assessment of the council's risk appetite
- Records a narrative rationale for each of the elemental appetites

By doing so, this document describes the level of risk that Kirklees Council is prepared to tolerate, or accept, in pursuit of its strategic objectives and key priorities.

Why we need to understand risk appetite

Understanding risk enables an organisation to make informed management decisions. If risk appetite is not understood then this will lead to inconsistent risk taking in decision making, in some cases exposing the organisation to a risk it cannot tolerate; and in others adopting an overly cautious approach thereby limiting benefits and opportunities.

If officers and members do not know the levels of risk that are legitimate for them to take, or do not take important opportunities when they arise, then service improvements may be compromised and service user outcomes affected.

As the Governments Finance Function Risk Appetite Guidance Note says:

*"Public sector organisations cannot be culturally risk averse and be successful....an organisation's risk management framework harnesses the activities that identify and manage uncertainty, allows it to take opportunities and to take managed risks not simply to avoid them, and systematically anticipates and prepares successful responses. **A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses is the conscious and dynamic determination of the organisation's risk appetite"***

The benefits of adopting a risk appetite include:
- Acts to assist informed decision making by ensuring the boundaries of risk taking have been set and understood
- Reducing uncertainty
- Improving consistency across governance mechanisms and decision-making
- Helps to determine organisational priorities and enables management time to be focussed accordingly
- Informing spending review and resource allocation processes
- Assisting to align risk taking with the capacity of the organisation to manage anticipated threats and opportunities
- Communicating desired boundaries, it enables and supports delegated decision making and work with partner organisations.

2

Guidance, not rules

This document provides guidance – not rules – to consider when assessing the nature and extent of risks associated with specific proposals or courses of action. Examples of operating within risk appetite are included in the detailed text that follows ("What does this look like in practice?") however, these cannot consider every eventuality so should be used as a prompt, and not a checklist.

Whilst this is a tool to aid corporate decision making, it is expected that there will be decisions that are proposed and / or agreed outside of risk appetite and the organisation has a degree of 'risk tolerance' for these decisions. In these cases, it is important that we recognise and record that a deliberate and informed choice has been made to operate outside of risk appetite.

Both senior officers and members should therefore consider this guidance when developing, recommending and determining changes to operating policy or practice.

Review frequency

Risk Appetites do not fluctuate significantly and should be viewed as having a medium-term outlook. The Risk Appetite Statement therefore will be subject to review on a three yearly basis which will consider:
- An assessment of the organisations alignment to its agreed Risk Appetite
- Proposed changes to Risk Appetite

It should be noted that there may be occasions where an event or circumstance leads to a decision to revise an appetite outside of this process.

Operational governance

For formal decisions there is an expectation that all reports (for Council, Cabinet or delegated decisions) reference the risks that are introduced or mitigated by recommendations contained within. Reports should identify and describe those risks, cite appetite, and the additional mitigations required where a proposed action is outside of the risk appetite position recorded in this document.

More broadly it is expected that at Strategic or Service directorate level there will be processes in place to assess the councils operation that are outside of the stated appetites (established by this document- or a specific decision to vary the appetite), and for these to be subject to appropriate management decision, recording and oversight.

Whilst the corporate risk team are available to advise, the operations of these processes should be established by an operated by Directorate or Service management teams.

Summary

Risk category	Averse	Cautious	Balanced	Open	Eager
Legal, Regulatory & Compliance*		▓			
Information & Data		▓			
Safeguarding		▓			
Safety & Security		▓			
Financial Management			▓		
Operational & Service Delivery			▓		
People & Culture			▓		
Environmental Sustainability				▓	
Innovation & Change				▓	
Physical Assets				▓	
Reputational				▓	
Third Party				▓	

* Legal, Regulatory & Compliance requirements are prioritised across all risk categories.

4

Risk Appetite Levels

Risk Appetite	Description
Averse (1)	Avoidance of risk and uncertainty is a key objective. Minimal exposure to risk is expected. Activities will only be those considered to carry virtually no inherent risk.
Cautious (2)	Preference for what are deemed to be 'safe' delivery options where there is a low degree of inherent risk. Activities will only be undertaken where they have a low degree of inherent risk.
Balanced (3)	Consideration of all potential options and acceptance that a level of risk may remain. Robust controls can be put in place to reduce the residual risk exposure.
Open (4)	Seek to achieve balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Although mitigations will be used where practical, a higher residual risk exposure will be tolerated.
Eager (5)	An area where the opportunity for greater rewards and benefit can be exploited, even if those activities carry a high degree of uncertainty of achieving target outcomes.

5

<u>Safeguarding:</u>

<u>Risk description:</u>
Risks arising from not meeting our legal obligations to protect children, young people and vulnerable adults, as a result of a failure to ensure safeguarding risks are minimised through policy, process design and / or to effectively identify and address concerns raised.

Risk category	Averse	Cautious	Balanced	Open	Eager
Safeguarding					

<u>Risk appetite assessment:</u>
The council has a legal duty to safeguard children, young people and vulnerable adults. To this end Kirklees Council will put in place appropriate training, guidance and escalation approaches to ensure our most vulnerable residents are safeguarded effectively. Given these obligations the council has a **cautious** appetite for risks to ensure wherever possible we prevent death, serious injury or harm. We recognise that alternative service delivery approaches require safeguarding risks to be understood and mitigated, however these should not be used as a barrier to being creative and innovative in our approach.

<u>What does this look like in practice?</u>
- Effective quality assurance approach to ensure leaders and managers have a line of sight to the safety and effectiveness of practice and, where required, what steps are being taken to improve our performance.
- Recognition that safeguarding risks cannot be managed in isolation and a multi-agency approach is required supported by intentional and effective partnership working.
- Regular, high-quality training embedded within a culture of continuous learning, recognising that both the nature of safeguarding concerns, and strategies that we use to respond are dynamic and will change over time
- A supportive and risk aware culture that encourages identification and escalation of concerns by all with consideration of safeguarding risk in all relevant decisions
- Actively seeking opportunities to invest in preventative services and community support

Legal, Regulatory & Compliance:

Risk description:
Risks associated with maintaining adherence to all relevant regulation and legislation.

Risk category	Averse	Cautious	Balanced	Open	Eager
Legal, Regulatory & Compliance					

Risk appetite assessment:
The council has a **cautious** appetite for legal, regulatory and compliance risk, with the expectation that all relevant laws and regulatory requirements are adhered to at all times. Given the diverse nature of the services provided by the council it is subject to a wide range of legal and regulatory requirements generally, such as employment law, data protection, procurement regulations, safeguarding and specific duty related regulation as a vehicle operator, construction services provider, landlord etc… Some of these requirements are overseen by regulatory bodies such as the CQC, RSH, OFSTED, ICO. Major failures can result in serious harm, reputational damage to the council, government intervention and significant fines. However, the council should remain aware of the propensity to exceed requirements, as value for money obligations and resource constraints make this approach unviable.

What does this look like in practice?
- We have a clear understanding of the legislative and regulatory requirements that apply to us and have effective processes in place to monitor adherence to these requirements on an ongoing basis
- If instances of non-compliance emerge, we react promptly and put in place proportionate mitigants to ensure any additional risk is controlled
- We are aware of upcoming changes to legislation and / or regulation and plan accordingly to ensure any required changes are delivered within the required timeline
- Advice and guidance is sought from relevant professional experts (internal and / or external) to support interpretation and decision making
- We do not seek to over comply, or adopt a 'worst-case' position

Information & Data:

Risk description:
Risks arising from a failure to source and manage robust, suitable and appropriate data & information and to exploit this to its full potential to improve outcomes and efficiency. Risks arising from a failure to prevent unauthorised and / or inappropriate access to council systems and data, this encompasses the subset of cyber security.

Risk category	Averse	Cautious	Balanced	Open	Eager
Information & Data					

Risk appetite assessment:
Our desire is to obtain information appropriately and use it effectively on a personal basis or grouped to make strategic decisions, and to store and dispose of it safely. We recognise that in the course of service delivery we will be required to share data with other public and private organisations, this must be done with the required permissions and appropriately protected. Our appetite is to be **cautious** in how we protect and share data, and be aware of the vulnerability, whilst acknowledging the benefits that effective data management gives to service prioritisation and delivery. We know that incomplete or inaccurate / corrupted data will limit our ability to utilise it effectively and could lead to incorrect decisions being made.

What does this look like in practice?
- We utilise data derived insight at all stages of delivery from informing decision making to monitoring outcomes
- We have proportionate controls and governance in place to monitor and manage access to the data that we hold but do not restrict use unnecessarily. We maintain robust audit trails to know who, when and why data has been accessed and amended
- We evaluate which third parties we share our data with and have robust procedures and controls in place to ensure that data is consistently managed in line with our expectations.
- We effectively identify the newly emerging risks associated with this rapidly changing area (cyber security threats, changes to data storage, cloud based solutions) and put in place appropriate mitigations.
- We seek to exploit the opportunities that developments in the use of Artificial Intelligence bring in a safe and compliant way providing credible outputs with appropriate oversight

8

Safety & Security:

Risk description:
Risks related to health & safety, accident prevention and security across staff, contractors, residents, communities and businesses. This includes (but is not limited to) hazards / risks associated with buildings, vehicles, plant and equipment. Activities concerning public safety, business continuity and emergency response all sit with this risk type.

Risk category	Averse	Cautious	Balanced	Open	Eager
Safety & Security					

Risk appetite assessment:
The council has a **cautious** appetite for risk in this area and will seek to avoid unnecessary risk taking which puts its staff, residents and communities at potential harm or injury; however taking a risk averse approach to safety and security is likely to negatively impact on our ability to deliver services in line with need. Appropriate risk assessments must be completed, engaging with relevant other agencies as required, and proportionate mitigations implemented.

What does this look like in practice?
- We value the health, wellbeing and security of our residents, communities and staff and as such we maintain our assets to a level that ensures the safety of users is not compromised
- We take a risk-based approach, undertaking risk assessments where required, and balancing the probability of adverse outcomes with the benefits that certain activities can bring
- We work collaboratively internally and with external partners to monitor, anticipate and mitigate risk to community safety. We know where the limits of our involvement are, and adhere to these, not over-stepping our remit or responsibility
- We consider risks at design stage of proposals and seek to mitigate to a proportionate and acceptable level, whilst recognising that this will often lead to increased cost
- We act on near misses to de-risk activities where possible
- We test and review business continuity plans to ensure that they remain fit for purpose

9

Financial Management & Sustainability:

Risk description:
Risks associated with poor financial control and compliance and / or poor resource allocation processes resulting in lack of financial control, overspending and poor value for money. Fraud, Bribery & Corruption risks are included here.

Risk category	Averse	Cautious	Balanced	Open	Eager
Financial					

Risk appetite assessment:
The council has a **balanced** risk appetite for utilisation and management of financial resources. Robust governance, internal controls and oversight procedures must be in place to ensure the integrity and sustainability of the council's finances is not put at risk. Public money must not be utilised to fund activities that have a low likelihood of return or success. However, we recognise that as a local authority we can take a longer-term view of payback than commercial operators and that the benefits of investment in local assets and infrastructure is not limited to financial reward.

What does this look like in practice?
- Adherence to external (public sector accountancy rules & regulations) and internal (Financial Procedures Rules) requirements, assessed independently by internal and external audit
- Successful control of revenue and capital budgets, and effective monitoring with timely intervention and correction. Budget holders demonstrate grip and control through accurate forecasting and delivery of savings initiatives
- Assessment of opportunities across a wider range of metrics than purely commercial returns. E.g. potential to act as a catalyst for regeneration, to safeguard council assets for future generations, to enhance community wellbeing
- Where services are income generating, we have a clear understanding of the basis for the fees and charges and processes in place to review on a regular basis
- Sources of possible fraud, bribery and corruption risk are understood and controls in operation to mitigate

People & Culture:

Risk description:
Risks arising from ineffective leadership and engagement, organisational culture, inappropriate behaviours, insufficient capacity and capability, disruptive industrial action, deteriorating wellbeing and inconsistent application of HR policies.

Risk category	Averse	Cautious	Balanced	Open	Eager
People & Culture					

Risk appetite assessment:
We have a **balanced** risk appetite for activities concerning our people and organisational culture. We will value, support, develop and utilise the full potential of our workforce to make the council a stimulating and safe place to work. We place a high priority on ensuring staff members have sufficient technical competence and the necessary professional qualifications, but to deliver our objectives we also require the right values and behaviours and delivery against Our Council key principles.

What does this look like in practice?
- We ensure our staff are trained appropriately to do their jobs, including ensuring that staff with line management responsibility are equipped and supported to effectively discharge their duties
- We do not ignore poor performance or behaviours and where terms of employment have been breached then we will act accordingly to exit employees from the organisation and inform other authorities if appropriate
- We actively manage our workforce design, undertaking service redesign activity where this is required to meet the changing needs of service users and / or the council.
- We expect employees to use their initiative in the workplace; to support customer needs; to identify and implement improvements to ways of working; and to steer their own self development
- We place a high level of importance on a culture of inclusion, we seek to develop innovative recruitment opportunities, targeting groups who may otherwise struggle with accessing mainstream employment opportunities, recognising the additional risk, and reward, that it presents.

Operational / Service Delivery:

Risk description:
Risks arising from inadequate, poorly designed or ineffective internal processes resulting in loss, error, poor customer service, non-compliance or poor value for money.

Risk category	Averse	Cautious	Balanced	Open	Eager
Operational & Service Delivery					

Risk appetite assessment:
The council operates a broad range of services and the basis of these services ranges from legal or regulatory requirements to commercial opportunities. Our risk appetite is therefore assessed as **balanced** anticipating that some services will operate at the fringes of this assessment. Whilst ongoing delivery of many of these core services cannot be put at risk we have a risk appetite that enables and encourages the council to consider opportunities that present a 'different way of doing things'. This risk appetite involves consideration of circumstances where services may be withdrawn or reduced.

What does this look like in practice?
- Performance monitoring is in place so we can recognise where our services are not delivering in line with requirements, and we take action to improve performance where required
- We undertake benchmarking activity, peer review and best practice guidance so we understand what good looks like and where we can tolerate under performance.
- We are forward looking, and alternative delivery approaches are considered as a matter of routine. We actively seek to maximise the benefits that technological advances bring to simplify operational processes and drive organisational efficiencies
- We work in partnership with others and recognise when other organisations are better placed to deliver than us, in these cases we maintain an outcome focus and do not seek to influence the methods of delivery or 'micro-manage'
- We may determine that in some circumstances services which are worthwhile and appreciated by those who use them can no longer be justified based on unit costs of provision, limited engagement or where demand can be met in other ways. This may result in withdrawal or reductions in provision.

Environmental Sustainability:

Risk description:
Risks relating to the environmental consequences of delivering core council services as well as progressing the council's priority to deliver a greener Kirklees. This may inform our views on the location and nature of development opportunities, asset management strategies and environmental health impacts. Risks associated with the strategic commitment to align to net zero and deliver against the environmental sustainability strategy are in this category.

Risk category	Averse	Cautious	Balanced	Open	Eager
Environmental Sustainability					

Risk appetite assessment:
The council accepts the responsibility it has to ensure significant and sustainable steps are taken to maintain and improve our local environment. Through the declaration of a climate emergency in 2019 we recognise that urgent action is required to improve and protect our environment. We have an **open** appetite for risk in this category, reflecting the rapid pace of change and the constant evolution of technological enablers.

What does this look like in practice?
- We will demonstrate that a course of action is justified with consideration of environmental impacts alongside implications for delivery of critical services, affordability and other key objectives
- We recognise that current decisions may have long lasting implications on our ability to mitigate environmental / climate related risks in the future and our decision making reflects this responsibility
- We are innovative and trial alternative approaches, accepting that resources will be utilised in the pursuit of initiatives that fail to deliver against their objectives
- We work in partnership with local communities to develop, nurture and protect areas that are valuable to them, and we empower local organisations to lead in this area
- We acknowledge that some changes may be detrimental to some members of the community and balance the overall impact to inform recommendations

Physical Assets:

Risk description:
Risks associated with the management and maintenance of buildings (residential, corporate and council), vehicles, plant and equipment in line with industry standards and statutory requirements. Note that risks related to building safety are captured within the Safety & Security risk.

Risk category	Averse	Cautious	Balanced	Open	Eager
Physical Assets					

Risk appetite assessment:
The council manages both its own corporate estate and a large portfolio of residential housing. The council recognises that efficient and effective utilisation of this estate is a key lever in delivering our wider ambitions and whilst there can be a greater degree of uncertainty, there can also be wide ranging benefits in seeking opportunities for improvement, commercialisation and innovation. Kirklees Council have therefore adopted an **open** risk stance, but only where the safety of residents, colleagues, customers and visitors is not impacted beyond our agreed tolerances and statutory levels.

What does this look like in practice?
- Non-statutory maintenance and management of premises will reflect the type of utilisation and occupancy levels. We balance the longer-term benefits of undertaking preventative maintenance with the short-term cost savings associated with reliance on a more reactive approach
- We consider a variety of alternative ownership options including purchase, long term leasing and short-term hire for provision of assets. Where applicable, we explore opportunities for co-location and support opportunities for Community Asset Transfer
- We manage the disposal of assets that have been identified as surplus, conversely, we will seek to acquire assets that offer strategic or operational benefits to the Council
- We recognise the broader, non-tangible benefits of providing well maintained and well managed commercial and residential properties and the role that the council has as a regeneration lead and custodian of local heritage

14

Third Party:

Risk description:
Risks arising from weaknesses in the management of commercial and non-commercial partnerships, resulting in poor performance, failure to meet target outcomes inefficiency, poor value for money, fraud. This may be because of lack of robust selection process, insufficient due diligence completed, target deliverables and outcomes not sufficiently clear, or poor management of the partner(s) or the partner has greater alternative obligations or priorities.

Risk category	Averse	Cautious	Balanced	Open	Eager
Third Party					

Risk appetite assessment:
Kirklees works in partnership with a large number of third parties to support and deliver services in the most effective way. We have an **open** approach to the suppliers, contractors, commissioned services, that we work with, undertaking robust due diligence and recognising our responsibilities, particularly when dealing with vulnerable clients. It is essential that we continue to work in partnership with third parties to ensure we can deliver services to our communities on an ongoing basis. Budget challenges mean that we will have to pursue alternative delivery mechanisms and this will introduce risk that must be identified and managed appropriately.

What does this look like in practice?
- We follow documented procurement processes (eg. CPRs) at all times
- We consider alternative delivery models and procurement approaches to drive value and / or improve attractiveness, and ensure we specify at required outcome / performance level
- We undertake appropriate due diligence of partner organisations, with consideration of the potential risk exposure that the contract brings
- We have processes in place to ensure ongoing delivery against contractual requirements is maintained and demonstrate value for money – these are proportionate to the contract size and risks
- When working with third parties we ensure that accountabilities and responsibilities are clearly documented. We are outcomes focussed, ensuring we do not manage partners excessively.
- We work collaboratively with the VCSE sector, recognising when it would be helpful for the Council to step back and working in partnership with other organisations to increase their capability and capacity for delivery

15

Reputational:

Risk description:
Risks arising from a failure, or perceived failure, to deliver against agreed aims and objectives. Risk can also result from adverse events, such as ethical violations, systemic or repeated failures or perceived poor customer service, leading to deterioration in trust and relationships with internal and external stakeholders

Risk category	Averse	Cautious	Balanced	Open	Eager
Reputational					

Risk appetite assessment:
Kirklees Council seeks to maintain and develop a reputation for efficient and effective operational delivery and transformational change, working with People, Partners and Place to achieve our shared outcomes. It is crucial that effective engagement with all stakeholder groups takes place, and that transparency of the decision-making process is maintained. However, the council acknowledges that not all decisions will be universally popular and as such will accept a level of opposition from the communities in which it operates when a change in approach will provide longer term benefits, reduced costs or wider improvements to the delivery of its services, our risk appetite is therefore assessed as **open**.

What does this look like in practice?
- We communicate clearly and honestly and take responsibility if things go wrong
- We are proactive in managing the message
- We value, and are confident in our engagement, consultation and decision-making processes. We actively listen and respond, but this does not necessarily mean that we change the outcome
- We do not let the risk of unfavourable comment or coverage prevent us from doing the right thing
- We behave with integrity at all times

Innovation & Change:

Risk description:

Risks associated with the delivery of programmes and projects and the failure to successfully deliver requirements and intended achievement of agreed time / cost / quality outcomes. This risk covers internal project and projects / programmes where we are a partner.

Risks associated with our capacity to manage the pace / scale of technological change and our ability to use digital solutions to deliver improved efficiency, address changing preferences for engagement and understand the appetite of service users to shift channel / behaviour.

Risk category	Averse	Cautious	Balanced	Open	Eager
Innovation & Change					

Risk appetite assessment:

Major change activities are required on an ongoing basis to improve services offered, increase efficiency and adapt to regulatory requirements. The council expects change to be managed according to best practice in project and change management, ensuring that potential benefits and risks are understood before developments are agreed, that appropriate mitigants to manage risks are established and that effective governance and oversight is in place across the change portfolio. However, we also will seek opportunities to undertake test and learn and pilot initiatives where costs / benefits are not yet sufficiently understood. We therefore have an **open** risk appetite.

What does this look like in practice?
- We challenge the status quo and look for different ways of doing things. Colleagues feel empowered to present options and solutions which aid the ongoing delivery of services and the achievement of our ambitions
- We actively seek opportunities to utilise digital and data led solutions to drive efficiencies across service delivery
- We acknowledge that failure will occur, we will 'fail fast', learn and move on
- Appropriate governance is in place for all change activity with clear accountability for decisions. The project management approach adopted is proportionate to the size / risk of the project underway.
- There are 'no surprises' with project delays and / or overspends with updates escalated to the right audience and in a timely manner
- Benefits realisation tracking is in place to monitor whether expected outcomes are achieved with consideration of lessons learnt to increase the chances of success for future projects

Document governance

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

Approval body: **Cabinet**

Review period: **3 yearly minimum**

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 from ELT	November 2024
0.5	Following consultation with Service Directors	April 2025
0.6	Review to ensure aligned with Key Principles	May 2025

REPORT TITLE: Risk Assurance on selected services

Meeting:	**Corporate Governance & Audit Committee**
Date:	**28th November 2025**
Cabinet Member (if applicable)	**Cllr Turner**
Key Decision **Eligible for Call In**	**No** **No**

Purpose of Report

To demonstrate how the risk management framework operates in two different service areas, providing assurance that the risk management approaches are embedded within the council. The one-off report was requested by the chair of the Corporate Governance & Audit Committee and is for noting.

Recommendations
- It is recommended that the Corporate Governance and Audit Committee receive, note and discuss any areas of interest or concern.

Reasons for Recommendations
- To ensure that the Corporate Governance and Audit Committee are appropriately assured of the internal processes and governance that supports ongoing identification, assessment and management of risk across the council, at both Service and Corporate level.

Resource Implications:
- None

Date signed off by <u>Executive Director</u> & name	**Give name and date for Cabinet / Scrutiny reports** Rachel Spencer-Henshall
Is it also signed off by the Service Director for Finance?	**Give name and date for Cabinet reports** n/a
Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?	**Give name and date for Cabinet reports** n/a

Electoral wards affected: All, none directly

Ward councillors consulted: None

Public or private: Public

1

Has GDPR been considered? Yes, no personal data is contained within the report

1. Executive Summary

This report provides assurance on the effective operationalisation of risk management processes throughout the organisation. This is demonstrated through explanation of the requirements of the Risk Management Framework at both Service and Corporate level, and by completing a detailed review of risk management processes in one Service area and one risk that is escalated to the Corporate Risk Register.

Case study 1: Highways Service Risk Management
This case study provides a review of the risk management process that is in place within the Highways Service, it covers the governance structure, review cycle and identifies key outputs and inputs. Metrics covering the 2024-25 reporting period provide supporting evidence.

Case study 2: Corporate Risk CAS01 Community tension, resilience and wellbeing
The second case study examines one of the risks that is included within the Corporate Risk Register, with a focus on the effectiveness of the mitigating controls and further actions identified.

2. Information required to take a decision

2.1 The Terms of Reference for the Committee include the requirement "to review the adequacy of the Council's Corporate Governance arrangements", including risk management. The Committee receives an annual report on Risk Management arrangements, however an additional paper has been requested as a deep dive to understand how the risk management policy is operationalised, at both service and corporate level, to provide additional assurance.

The Risk Management Framework is designed to ensure that risks are identified, monitored and managed at service level and, where required, there are clear escalation routes through the Directorate and Council governance, culminating in inclusion within the Corporate Risk Register.

The Risk Management Policy and Risk Management Strategy & Guidance document detail the Kirklees Council risk management approach, specifying roles & responsibilities and providing additional explanation for those involved with operationalising the Policy.

To demonstrate how the Risk Management Framework is applied, and the activities undertaken to ensure robustness of approach we have selected two areas to provide worked examples. We have selected one operational service (Highways) to examine the approach at service level, and one risk currently recorded on the Corporate Risk Register (CAS01: Community cohesion, wellbeing & resilience) to appraise the corporate level approach.

It is important to note that the two areas chosen to focus on were selected randomly, they do not necessarily represent best practice and equally do not present cause for concern requiring additional scrutiny.

2

2.2   Service / Directorate risk management

The Risk Management Framework does not seek to be overly prescriptive in Directorate level governance arrangements but sets out clearly minimum requirements that must be met. As an example, the Risk Management Policy states that 'Service Directors must maintain a risk register that is reviewed and approved by the Directorate SLT on a quarterly basis'. Some Services may choose to review their highest rated risks on a more frequent basis than quarterly or employ a rolling review cycle where, say, a third of risks are reviewed each month.

There is a standard Service Risk Register template that is being rolled out across the council. This ensures that all required fields are completed and the consistency allows direct comparison between risks on different risk registers. All risks are scored using the Risk Assessment Matrix (5x5 grid) with guidance on selecting the appropriate score for both 'impact' and 'likelihood'.

The quarterly review of risk registers requires the following to be considered:
- Scoring of Risks, reflecting any change in 'Impact' and / or 'Likelihood'
- Assessment of outlook – anticipating upcoming changes
- Recording of new Risks
- Effectiveness and performance of the Controls that are in place to monitor and / or mitigate the risk
- Progress of Actions, and recoding of new Actions where appropriate

When reviewing Service Risk Registers consideration is given to internal and external factors including trends in escalated complaints, claims performance, Ombudsman decisions, internal audit findings and recommendations, external audit / inspections, new regulatory or legislative requirements and potential issues raised through monthly business resilience reporting.

It is important to note that there may be other risk registers managed below Service level. For example, specific projects will have their own risk registers focussing on risks to delivery, scope and budget of the specific activity. A joint risk register may be created for situations where we are working closely in partnership with a third party or contractor which enables ownership of risks to be agreed up front (and before they may become an issue). The Service Risk Register should include all risks identified as requiring to be monitored at Service level, noting that some Controls and / or Actions may operate at a different level (eg. Directorate or Team)

Following sign off by Service Directors, Service Risk Registers are submitted centrally for review and consideration, in advance of broader discussion at the quarterly Risk Management Group (RMG). All Services are represented at RMG, with some attendees covering multiple Services. Specific areas of focus are:
- Risks where the risk score is increasing, and the contributing factors
- Risks that do not have adequate controls in place
- New risks

The content of Service Risk Registers informs the update of risks that are documented within the Corporate Risk Register, either directly or when assessed holistically across the organisation.

Inclusion of selected Service level risks within the Quarterly Check & Challenge process provides visibility at a senior leadership level of risks that might not warrant inclusion within the Corporate Risk Register. Service Directors and Heads of Service agree which risks to include within the Check & Challenge process, these may not be the highest scoring risks but may be new or deteriorating risks, or risks where strategic direction is requested, or where the support of another Service / Directorate is required to manage the risk effectively.

2.3   Corporate Risk Register

The Corporate Risk Register contains risks that were they to crystallise would present a material risk to the delivery of the council's strategic and operational priorities. These may be included for a variety of reasons:
- Core risks where ongoing assurance is required
    - Financial sustainability
    - Safeguarding
    - Cyber security
- Risks that appear on multiple Service Risk Registers and cumulatively present a material risk:
    - Contract management
    - Data integrity
- Specific service risks that are significant enough to warrant inclusion
    - Sufficiency of SEND provision
    - Housing Safety & Quality
    - Temporary Accommodation

All inputs to the Corporate Risk Register, either updates to existing risks or new risks that require visibility and awareness at a senior level, begin with approval by the relevant Service Director before progressing as follows:

4

The review and update of the Corporate Risk Register follows the same quarterly process as Service Risk Registers and takes Service Risk Registers as key inputs to the process. It is therefore important to note that the accuracy and completeness of the Corporate Risk Register relies on effective identification of risks and implementation of risk management processes at a Service level.

Whilst corporate risks are presented as a single slide, this represents significant consolidation and synthesis of numerous controls and actions that may be owned in areas other than by the stated Risk Owner (who has overall corporate responsibility)

Periodically, benchmarking activity is undertaken against other similar local authorities. Whilst accepting that the responsibilities for each local authority will differ slightly (e.g. ownership of housing stock, academisation progress) and risk appetite and approach is determined locally, it is insightful to note the volume and type of risks recorded.

The two appendices that follow provide worked examples demonstrating risk management approaches at Service level (Highways) and a singular entry on the Corporate Risk Register (CAS01).

3.   Implications for the Council

3.1   **Council Plan**

3.2   **Financial Implications**
        Robust risk management contributes to the successful achievement of budget delivery and the medium-term financial plan. Additionally, effective risk management can support resource allocation to prioritise areas of highest risk, so preventing negative financial consequences such as enforcement fines or contract overspends

3.3   **Legal Implications**
        No direct implications. Legal, Regulatory & Compliance risk is identified as a risk category

3.4   **Climate Change and Air Quality**
        No direct implications. Environmental risk is identified as a risk category

3.5   **Risk, Integrated Impact Assessment (IIA) or Human Resources**
        IIA is not required. People & Culture is identified as a risk category

4.   Consultation
        NA

5.   Engagement
        NA

6.   Options

6.1   **Options considered**

6.2   **Reasons for recommended option**

7.   Next steps and timelines

8. **Contact officer**
Alice Carruthers, Senior Risk Officer
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Chris Firth, Highways Compliance & Performance Manager

Sarah Mitchell, Head of Communities

Martin Dearnley, Head of Risk
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9. **Background Papers and History of Decisions**

10. **Appendices**
Appendix 1
Appendix 2

11. **Service Director responsible**
Samantha Lawton, Service Director - Legal, Governance & Commissioning

Appendix 1
Highways Service Risk Register

Risk Review Cycle
The process operates on a cyclical basis, with regular monthly team meeting reviews informing quarterly Highway Service reviews to ensure risks are current and appropriately managed. Progress against identified mitigations is tracked at review stages and risk ratings (likelihood, impact) updated. It is important to note that there is an implicit level of risk management throughout the organisation with appropriate operational and professional practice in place to achieve as a minimum statutory compliance. Review cycles therefore focus on high level rated risks, new and deteriorating risks.

Governance Structure
Risk is reviewed at multiple organisational levels. Where risks cannot be further mitigated within an organisational level, they are escalated to the next level for awareness and guidance so additional mitigations can be applied and tracked:

- Team Level Risk Review
  - Frontline identification and discussion of risks.
  - Operational Managers determine which risks can be managed at this level and which to be escalated to Service Risk Register
- Service Level Risk Review
  - Escalation and aggregation of risks from teams, broader operational oversight in play
  - Integration of key risks from relevant associated boards (Eg OSAMS Project Board)
  - Head of Service and Operational Managers
- Directorate review of Risk Register
  - Strategic oversight and alignment
  - Service Director review and feedback
- Corporate Risk Review
  - Integration into the wider corporate risk framework.

Highway Service Level Risk Register is a central tool for capturing, tracking, and managing risks. Includes:

- Risk descriptions
- Likelihood and impact ratings
- Mitigation actions
- Responsible owners
- Review dates and status updates
- Promotes transparency and accountability.

Categorisation and Performance

Within the Highway Service Risk Register, risks are identified, and programmes of mitigation are applied. Some mitigations may be short in duration (months), others may have multiple parts and dependencies and can take years to mitigate (for example, a risk around fragmented data pictures, customer request management processes and outdated asset management systems resulted in capital allocation and a multi-year replacement Programme - OSAMS).

In addition to risk management, the service also has an issue management processes (risks which have been realised and require immediate intervention – managed via the same risk

7

governance processes outlined earlier) and business continuity reporting processes (supported by business continuity plans to manage key statutory activities in the event of a continuity issue). Business continuity is reported monthly through the Business Resilience Reporting process.

The current number of risks managed by the service as of Q1 2025 is shown in table 1 and expanded in Table 2:

Table 1.0 – Q1 2025 Summary Table of Risks	
Metric	**Q1 2025**
Total number of risks	25
New risks identified	0
Red risks (High severity)	13
Amber risks (Medium severity)	11
Green risks (Low severity)	1
Risks escalated to DLT via Exception Reporting	0

Within the last year April 2024 – April 2025:

1. Overall Trend: Total risks increased from Q1 (23) to Q4 (25), with some fluctuation in between.
2. New Risks: A total of 8 new risks were identified across the year.
3. Managed Risks: 6 risks were assessed as at or below target risk score as a result of all reasonably practicable mitigations applied. In this case all mitigations continue to be monitored to ensure this risk does not subsequently increase to above target level

Table 2 – High Level Summary of Highway Service Risks at April 2025		
Short risk name	**Risk score**	**Principal risk category**
Budget management	12	Finance
Capital Delivery programme management	8	Finance
Financial governance	12	Finance
Income targets & budget savings	15	Finance
Delivery of reduction in operating costs	16	Finance
A gap in transition from the WYCA CRSTS1 funding arrangement to CRSTS2	15	Finance
Adopted infrastructure	15	Operational / Service Delivery
Asset data condition	12	Operational / Service Delivery
Section 58 (Highways Act 1980) statutory defence against claims	10	Operational / Service Delivery

8

Telematics	**15**	Operational / Service Delivery
Highways trees, verges & flailing	**15**	Operational / Service Delivery
Sudden asset failure	**20**	Operational / Service Delivery
SAG Activities	**8**	Operational / Service Delivery
Policy & Strategy documentation	**8**	Operational / Service Delivery
Recovery of Third Party asset damage costs	**9**	Operational / Service Delivery
Statutory failings: Highways Authority	**15**	Legal, Regulatory & Compliance
Statutory failings: PROW	**15**	Legal, Regulatory & Compliance
Levels of delegated authority	**5**	Legal, Regulatory & Compliance
IT & Support systems	**16**	Information & Data
Data retention and governance	**12**	Information & Data
Climate emergency – asset impacts	**20**	Environmental Sustainability
Contract VfM and Quality	**15**	Third Party
Demand from change programmes (external and internal)	**16**	Innovation & Change
Resource gaps	**8**	People
Failure to meet H&S statutory requirements	**10**	Safety & Security

This report does not address in detail all of the risks managed in the Highways Risk Register, however a summary of risk R02 (Capital Delivery Programme Management) is set out below to show the level of risk managed within the service register, the mitigations applied and those in the process of being delivered:

Risk short name: Capital Delivery Programme Management
Date added: 23.09.21
Risk Status: Active
Risk Score: Probability 2, Impact 4 | Current Score: 8 Amber
Risk Description: Risk of non-delivery of capital programmes and / or internal works programmes due to ineffective planning and prioritisation leading to deferred delivery or a reliance on external contractors / resource with increased costs (plus delayed benefit realisation to our communities and possible reputational damage) and potential future funding losses from WYCA.

Table 3 identifies the actions/mitigations which have been applied to the risk to reduce the risk likelihood and impact. Table 4 shows the outstanding mitigations/actions which still need to be applied to reduce the risk likelihood and impact further so it falls within risk tolerance levels.

9

Table 3 – Agreed actions / mitigations to address Risk R02 Capital Delivery Programme Management: Completed

ID	Action Description	Target Date	Progress Summary
1	Use of agency staff to support technical roles the service cannot recruit	Mar 2023	Managed – 70/30 staff split in place and stabilised, despite budget pressures.
2	Develop a forward 2 year capital programme	Mar 2024	2-year plans in place and approved by Cabinet; CRSTS settlement supports 5-year forward planning.
4	Outsourcing of works – Minor works frameworks	Mar 2024	Preventative works outsourced; ops prioritised for small schemes.
5	Appointment of Capital Programme Manager	Mar 2023	Post recruited. Post oversees governance, reporting, monitoring, auditing. KC approach championed as best practice by WYCA.
6	Capital Works Management Process Checklist Introduction	Apr 2023	Robust "cradle to grave" process embedded with teams delivering CRSTS capital works; workshops held.
8	Forward commissioning arrangements	Oct 2023	Advanced planning processes with highway operations delivery teams in place with budget holders to support forward planning.
9	Capital process documentation and governance	Apr 2024	Comprehensive governance documentation developed and in use (process documents, guides, board meetings, finance tracking, etc).
10	Project briefs for short-notice capital	Ongoing	Briefs developed to support reactive capital applications.
12	Capital governance audits	Apr 2024	Audits cycle in place to review selection of schemes annually to support further improvements.
14	Recover governance/admin costs	Oct 2024	CRSTS ADV code developed to recharge additional administration – supporting improved capital delivery.
15	Manage local vs regional priority conflicts	Apr 2023	Director level oversight in place to ensure representation at Chief Highway Officer meetings – to promote KC local priorities

Table 4 – Agreed actions / mitigations to address Risk R02 Capital Delivery Programme Management: In progress

ID	Action Description	Target Date	Progress Summary
3	Further streamline standardise processes and systems to improve coordination with the Capital Works Commissioners	Mar 2026	Workshops and documentation management improvement plans in place.
11	Reflect KC/WYCA budget impacts in strategic outcomes	Mar 2024*	*Delivery of the target has been delayed due to the late development of the regional Asset Management Strategy and Policy by 3rd party consultants, commissioned through the regional partnership. This policy is a critical dependency for shaping and validating the local asset management approach.
13	Review of contract formats and delivery models to ensure best VfM	Mar 2027	Use of inhouse and external resource under review. Some 3rd party suppliers engaged. Wider Future Operating Model under review.
16	Develop 5-year Capital Programme	Oct 2026	Various capital asset development programmes in place (carriageway, street lighting, etc), ranging from 3-5-year forward programmes. 2-year budget programmes approved annually at Cabinet. Some teams working towards 2yr plus programmes. Efforts continue to support teams to provide longer-term "shelf ready" plans

Appendix 2
Community Cohesion, Wellbeing & Resilience risk (CAS01)

The following deep dive examines the risk '**Community Cohesion, Wellbeing & Resilience Risk (CAS01)'** that is included within the Corporate Risk Register (see Visual 1 below), with a focus on the effectiveness of the mitigating controls and further actions identified.

Visual 1: Community Cohesion, Wellbeing & Resilience Risk (CAS01)
Corporate Risk Register – Q1 June 2025/26

CAS01 Community Cohesion, Wellbeing & Resilience
Risk of public disorder due to failure to monitor and mitigate rising community tensions, matters of violent extremism and related safer, stronger community factors, including criminal exploitation and national / international incidents

Risk Owner: Jill Greenfield, Service Director Communities & Access Services

Quarterly update:
- Weekly tension monitoring alongside tension briefings continue to be delivered to a range of staff to raise awareness around how to report tensions to Safer and to Partnership Intelligence Portal (PiP)
- Prevent training with schools continues, project proposals submitted to Home Office focussing on key themes e.g. online extremism, neurodiversity and mental health
- Programme of activities taken place around knife crime awareness with partners
- New process in place to request change to Safer CCTV camera locations based on intelligence and focus
- Community Safety Partnerships Strategic Intelligence Assessment 24/25 complete and shared at Council's Overview and Scrutiny Management Committee May 2025

Controls in operation:
1. Dedicated community tensions monitoring process and a clear procedure to process intelligence related to protests and tensions. Procedure includes Police and Emergency planning colleagues.
2. Weekly tensions monitoring meetings are held with all relevant partners, escalations are reported into Police Silver and via Safer/Emergency Planning internally dependent on issue. Silver/Gold groups in place for oversight.
3. The Prevent Action Plan prioritises community engagement, critical thinking and ideological issues and seeks to mitigate risk.
4. Engaging with and enabling opportunities for communities to build relationships and counter extremist narratives.
5. Building community resilience via the Inclusive Communities Framework.
6. Community Partnership Plan (statutory requirement) informed by annual Strategic Intelligence Assessment

Further actions underway:
1. To further develop awareness around what is a community tension and impact, where to report, how to respond. County lines intensification, anti-social behaviour, youth focussed work linked to awareness and prevention planned for Violence Reduction Partnership priority geographical locations identified based on outcomes of multiple needs assessments and other indicators (deprivation/school data). Implementation plan covering WY and Kirklees strategy and partnership priorities 25/26 to be signed off at Gold Strategic Group .
2. Prevent engagement training in pipeline for front line Communities staff, planned to be completed during 2025
3. Development of a new 3 yr Community Safety Partnership Plan 2026-29 Partnership KPIs aligned to community safety themes and priorities in development to help assess risk, system pressures, effective action.

Current risk score / Previous risk score / Target risk score — **12**

1. Background and Context to Risk

The Community Cohesion, Wellbeing & Resilience risk was first identified in 2021 as a community-level concern affecting vulnerable groups and safeguarding, and was subsequently escalated to the Corporate Risk Register due to its wider impact on:

- Strategic priorities linked to inclusion, trust, public safety and wellbeing; failure can impact council wide programmes and create reputational risk for the council.
- System wide pressures creating demand on council services and statutory partners; failure can impact financial planning, co-ordinated action and intelligence sharing.
- Public safety and safeguarding both vulnerable children and adults; failure could create gaps in cross cutting themes.

This risk is overseen by the Service Director for Communities & Access Services (Adults & Health Directorate) and centres on building safer, stronger communities. It reflects how Kirklees Council and statutory partners monitor, anticipate, and respond to rising tensions, violent extremism, and broader community pressures (e.g. hate crime, criminal exploitation, or global events) that could undermine cohesion and strain local services.

The Communities Service provides strategic leadership across the Council and partners including Police, Fire, and the Probation Service to manage this externally driven risk. While controls are in place, further actions are being implemented to reduce both its likelihood and potential impact.

12

2. Governance and Risk Reporting Framework

The Community Cohesion, Wellbeing & Resilience risk is governed at various level of the organisation where risk is identified, assessed, managed and escalated.

a. Partnership Operational Risk Escalation (Council & Statutory Partners) – Tension Monitoring

- The tension monitoring process includes regular coordination meetings as part of 'business as usual' with council services and the Police on a weekly basis
- Following an increase in a community tension or incident there is an assessment of risk - this is dependent on the type of concern and takes place as soon as required
- The response to the concern is dependent on the likely impact this could or is having on a location, community and information available at the time.
- The response to a significant community tension or incident is always agreed with the Police and Police or Emergency Planning will lead responses and Communities Service support coordination and response and wider Partners support.

b. Community Safety Partnership Strategic Risk Escalation (Council/Statutory Partners) – Partnership Thematic Risks

- There is a statutory duty for key authorities to collaborate in reducing crime and disorder. In Kirklees, this is led by the Communities Board (Community Safety Partnership), which brings together partners including Kirklees Council, West Yorkshire Police, Fire and Rescue, Probation, and the Integrated Care Board to address local community safety issues
- There is a process in place for all theme groups under the Community Safety Partnership to escalate partnership delivery and impact risks every quarter.
- These risks are then escalated up to the Communities Board Strategic Delivery Group (SDG) and as needed on to the Communities Board – both of these escalation routes are quarterly.
- As needed a significant risk identified would not wait for the process of SDG this would be raised to the Head of Communities Service and Service Director and an appropriate response would be actioned.

c. Strategic Risk Management (Internal Governance)

- Risks are reviewed across all levels of the organisation and escalated to the Service Risk Register quarterly, ensuring conditions remain stable, controls are effective, and new risks are identified.
- Monthly reviews at both Service and Directorate levels provide oversight, feedback, and signoff, with a focus on significant changes such as emerging or deteriorating risks
- As required weekly or daily risks are escalated that require an immediate response.

		Service Risk Register	Corporate Risk Register
Monthly process	**Team level risk review** • Operational front-line practitioners identify, raise and discuss risks • Service Managers assess and manage risk and determine escalation to Service Risk Register	✓	
	Service level risk review and sign off • All risks collated and reviewed on the Service Risk Register • Existing risks: review of controls, actions and risk score • Emerging risks and escalation to corporate risk register considered	✓	
	Service Director level risk review and sign off • All risks reviewed on the Service Risk Register, control performance, action progress and changes in risk score • Consideration of impacts on Corporate Risk Register entries	✓	✓
	Adults & Health Executive Director review • Service Risk Register review, escalations by exception • Review of Corporate Risk Register controls & actions	✓	✓
Quarterly process	**Risk Management Group** • Representation by Service risk management lead • Discussion on Service level and council wide risks	✓	✓
	Adults & Health Executive Director sign off • Strategic oversight and monitoring of Corporate Risk Register entries • Consideration of dependencies / impacts from other areas		✓
	Corporate Governance • Executive Leadership Team, Executive Board, Cabinet, Scrutiny		✓

3. Current Risk Score Rationale: Risk Score, Likelihood and Impact Measure

The Community Cohesion, Wellbeing & Resilience risk is evaluated using the Council's 5x5 Corporate Risk Assessment Matrix. As of Q1 (June 2025), the risk remains amber with a score of 12 unchanged since 2023. The likelihood is rated 4 (probable, ~60% chance), and the impact is rated 3 (moderate).

The level of risk has remained static during this period due to the likelihood score continuing to be being impacted by both national and international events beyond our control. The overall impact score has also remained static as it is interrelated to the partnership assessment of those national and international events and impacts resulting if an incident were to occur. While the risk is externally influenced, its potential impact is actively managed through strong partnership coordination and internal governance. Reputational consequences are currently assessed as moderate due to proactive engagement and contingency planning.

This quarterly assessment reflects a snapshot in time and may fluctuate throughout the quarter. The score is informed by:
- Partnership Operational risk escalation - Local intelligence shared at the Weekly Tactical Co-ordination/Tension Monitoring meetings, considering wider geopolitical factors
- Community Safety Partnership Strategic Risk Escalation – any partnership thematic risks or policy changes that could impact on the district
- The national terrorism threat level (currently substantial) and multi-agency input via the Prevent Strategic GOLD Group.
- Significant incidents that impact on the District that fall outside of the above process and where an immediate response is required

14

4. Controls in Operation

A robust set of controls are in place to monitor and mitigate the Community Cohesion, Wellbeing & Resilience risk where possible. These are outlined below, along with a detailed assessment of their effectiveness.

Control 1: Dedicated community tensions monitoring process and a clear procedure to process intelligence related to protests and tensions. Procedure includes Police and Emergency planning colleagues.

Control Performance Assessment: Embedded
Effectiveness of Control 1:
In Kirklees process embedded within our governance framework to monitor, manage, and respond to emerging risks.

Step 1 - Tensions Officer Oversight – Continuous
- Tensions Officer collects intelligence from:
  - Safer Communities impact mailbox which includes Councillors information
  - Tensions monitoring web form
  - Frontline officer insight
  - Social media
  - Press coverage
  - Escalations as needed based on the above to Service Manager and Head of Service

Step 2 - Collaboration & Intelligence Gathering with Police - Continuous
- Communities Service works with Police on information insights submitted to the Partnership Intelligence Portal that relate to community tensions on a regular basis These are discussed as part of Step 4.

Step 3 - Logging & Categorization – Continuous
- All tensions logged with evidence
- Categorized by risk level
- Discussed in Partnership Operational Risk forums

Step 4 - Operational Risk Forums – Weekly
- Council-led Weekly Tactical/Tension Meeting (includes Police, Emergency Planning, Social Care Early Support, Youth Justice Service, Emergency Planning)
- Police-led Threats weekly Meeting
- If there is an enhanced risk, more frequent (and at times daily) meetings may take place as instructed by Police or Head of Communities, Service Director Communities and Access Services or Executive Leadership Team

Step 5 – Reporting - Weekly
- Regular high-level Community Tensions report is shared with internal/external stakeholders (including Councillors).
- More detailed reports are discussed at senior partnership risk meetings as needed
- If enhanced risk more frequent senior partnership reporting takes place

Step 6 - Continuous Monitoring
- By repeating the above steps weekly
- Or if there is a significant incident or tension daily tensions monitoring starts

By Exception - Out-of-Hours Incident Response
- If an incident occurs outside working hours that could impact on local community tensions significantly:
    - o Emergency Planning activates communication structure
    - o Strategic On-Call Officer is briefed
    - o Agreed response put in place, planned involving Service Director for Communities and Access Services

Control 2: Weekly tensions monitoring meetings are held with all relevant partners, escalations are reported into Police via Safer/Emergency Planning internally dependent on issue.

Control Performance Assessment: Embedded
Effectiveness of Control 2:
- Kirklees Council and the Police lead weekly Tactical Coordination and Tension Monitoring Meetings every Monday, chaired by the Safer Communities Service Manager and or Police Inspector.
- These meetings bring together leads from Safer Kirklees Team, Migration Team, Learning Service, Environmental Services, Emergency Planning, and Police partners to horizon scan upcoming events, assess intelligence gathered by the Community Tensions Officer, Partnership Intelligence Portal and review incidents of note including updates from Police Risk Assessment Meetings, partner intelligence, and councillor engagement and insight.
- The agenda also includes operational issues that may impact community tensions, such as disused buildings that could cause a community impact or tension by being used.
- Where risk escalates, the Police and the Head of Service for Communities or Service Director for Communities and Access Services may initiate more frequent meetings, including daily coordination, particularly during serious incidents (Police led) or sensitive periods such as elections.
- These escalated meetings are chaired by the Police, Emergency Planning, Head of Service, Service Director for Communities and Access Services or members of Executive Leadership Team and focus on assessing public safety risks and coordinating timely responses.
- Each impact, tension and incident has an assessment and agreed appropriate response and lead.

Control 3: The Prevent Action Plan prioritises community engagement, critical thinking and ideological issues and seeks to mitigate risk

Control Performance Assessment: Embedded
Effectiveness of Control 3:
- Kirklees is a designated as a Prevent Priority Local Authority and holds a statutory duty under the Counter Terrorism and Security Act 2015 to prevent individuals from being drawn into terrorism.
- The Prevent programme in Kirklees is increasingly framed not just as a counter-terrorism initiative, but as a community resilience and inclusion approach. The emphasis is on building trusted relationships, inclusive spaces, and shared identity to reduce vulnerability to radicalisation and extremism
- The revised Prevent Duty Toolkit (2023) requires all partnership boards to develop a delivery plan based on local risk assessments, guiding targeted activity and shaping the Prevent partnership's work.

16

- The Kirklees Prevent Action Plan 2024–26 is owned by the Kirklees Partnership Prevent Silver Board, chaired by the Service Director for Communities and Access and co-chaired by the Superintendent of Operations and Partnerships for Kirklees District, West Yorkshire Police where it is regular reviewed, with progress and actions monitored. Updated counter-terrorism local profiles for the Kirklees district help shape key priorities, informing both project proposals and the development of the action plan.
- The Prevent Action Plan focuses on mitigating risk through community engagement, critical thinking, and addressing ideological challenges.

The plan's key themes include:
1. Managing threat, risk & vulnerability
2. Tackle the causes of radicalisation and respond to the ideological challenge of terrorism
3. Safeguard and support those most at risk of radicalisation through early intervention, identifying them and offering support.
4. To ensure effective partnerships and governance structures are in place to support and evaluate the delivery of the Prevent across Kirklees.

This Board plays a central role in shaping strategic priorities, coordinating responses to threats, and providing scrutiny of the Prevent Strategy and Action Plan

The Prevent function undergoes external scrutiny, including an Annual Benchmarking Assurance audit by the Home Office - a structured process for assessing and improving compliance with the Prevent Duty under the Counterterrorism and Security Act 2015. The January 2025 audit rated Kirklees Council as exceeding the duty, with the final report and recommendations received by the Chief Executive in May 2025.

Additionally, the council conducted an internal audit in 2024, which returned a positive outcome of adequate assurance. Outstanding recommendations from this review are actively being implemented and tracked.

Control 4: Engaging with and enabling opportunities for communities to build relationships and counter extremist narratives

Control Performance Assessment: Taking Effect (to be embedded by Q1 26/27)
Effectiveness of Control 4:

There is a well-established commitment to strengthening community engagement and communication within the Prevent Action Plan. The effectiveness of this control is evidenced through a range of targeted activities that aim to prevent radicalisation, safeguard vulnerable individuals, and reduce the risk of terrorism.

Commissioned Projects The Home Office has funded specialist sessions addressing online extremism, neurodiversity, and mental health. These were delivered to professionals, carers, and young people, enhancing awareness and safeguarding capacity.

Sector Engagement and Prevent Awareness
- **Public Sector**: The Prevent Team continues to deliver training across council services, equipping frontline staff with the skills to identify and respond to risks.
- **Education**: A tiered training offer is being rolled out across schools. Free online learning events support professionals working with children, adults, and vulnerable groups. Prevent Awareness Week activities help embed Prevent principles into school curricula.

17

- **Health**: In collaboration with the Integrated Care Board (ICB), training was delivered to non-clinical staff across nine Primary Care Networks during their annual safeguarding day. This led to the creation of Prevent Champions—a peer network supporting ongoing communication, training, and resource sharing across PCNs.

Community Plus Integration the new Community Plus Service launched in July 2024, this merges some of the community cohesion and Prevent engagement functions. Community Connectors—frontline practitioners—build trusted relationships with communities, voluntary and faith organisations, councillors, and partners. Their role is central to promoting resilience and inclusion by acting as conduits between communities and services.

Community, Faith and Belief Engagement Through place-based teams working alongside Safer Kirklees and the Prevent Team, Community Plus actively counters extremist narratives. Engagement with community, faith and belief organisations across Kirklees wards prioritises visibility, listening, and long-term trust-building. This work is developing and ensures communities feel heard, supported, and empowered to challenge divisive narratives. The emphasis is on building trusted relationships, inclusive spaces, and shared identity to reduce vulnerability to radicalisation and extremism

Control 5: Building community resilience via the Inclusive Communities Framework

Control Performance Assessment: Embedded
Effectiveness of Control 5:
The Inclusive Communities Framework (ICF) is a Top Tier Strategy for Kirklees Council and a proven mechanism that strengthens inclusion, cohesion, wellbeing, and resilience by equipping services and communities with practical tools- three guiding principles, five inclusive approaches, and a self-evaluation model- to foster trust, belonging, and shared problem-solving. By recognising the unique strengths of local communities, it promotes equal partnership between residents, Council services and statutory organisations, ensuring all voices are heard, especially those who feel excluded. This commitment is reflected in the following outcomes:
- **Strategic Collaboration:** Launched in 2022 across Council and statutory services, the Inclusive Communities Framework is now being reviewed, with updated toolkit materials and 2025–2026 priorities shaped in collaboration with the Council Executive Leadership Team, informed by learning to date. The ICF aligns with wider strategies and national best practice, enabling services to work alongside communities to co-create solutions and strengthen trust.
- **Community Empowerment:** The Community Safety Partnership (Domestic Abuse Board) working alongside Third Sector Leaders (TSL) Community Champions, has raised awareness of Domestic Abuse, heard the voices of those we otherwise may not have connected to about access to Domestic Abuse services and any barriers and is working to improve access to support, helping individuals and communities respond to risk and build resilience.
- **Inclusive Service Design:** The Community Safety Partnership (Domestic Abuse Board) has applied ICF principles to improve Domestic Abuse support for LGBTQ+ communities, working with a local charity in Huddersfield providing support and advocacy services to enable people to make informed choices, build healthier relationships, and live positive lives free from stigma.

Control 6: Community Partnership Plan (statutory requirement) informed by annual Strategic Intelligence Assessment

Control Performance Assessment: Embedded
Effectiveness of Control 6:

Community Safety Partnerships (CSPs) have a statutory duty to develop strategic plans that address multi-agency community safety issues impacting residents' quality of life. The Communities Partnership Plan strategic themes are shaped by an annual Strategic Intelligence Assessment (SIA), which analyses intelligence from across community safety partners and Council services. The SIA has a refresh annually and was at OSMC in May 2025 CPP SIA cover report and app 1.pdf. The SIA will undergo a full review this year in 2025 and work is underway to update strategic priorities, assess risk across theme areas including identifying emerging priorities and geographical areas of interest. Plans for its approval will be sought from Scrutiny in February 2026. This will support the full review and refresh of the Communities Partnership Plan for 2026-29, which is due a refresh in 2025 based on a three-year cycle. Approval for the updated plan will be sought from Scrutiny in July/August 2026.

5. Target Risk Score Linked to Delivery of Actions

The following actions have been identified which upon completion have the potential to reduce the likelihood score from 4 (probable) to 3 (possible), reducing the overall risk score from 12 to 9, however this is also dependent on external factors and national and international events beyond our control.

Table 1: The Community Cohesion, Wellbeing & Resilience Risk – Actions & Progress			
Action	**Completion Date**	**Governance & Responsible / Deliverable Owner(s)**	**Progress Summary**
1. To further develop awareness around what is a community tension and impact, where to report, how to respond	Q4 2025/26 On track	Tactical/Tension Monitoring ⬇ Communities Board RO: Head of Service - Communities DO: Service Managers – Safer & Community Plus	Weekly tension monitoring alongside tension briefings delivered to staff such as community connectors, library officers to raise awareness around how to report tensions to Safer and to Partnership Intelligence Portal (PiP). Kirklees is one of the highest contributors to the PIP in West Yorkshire. Expanding awareness and reporting across council services is continuous reminder as staff move on from roles etc
2. Awareness and focus weeks planned and delivered in partnership across the district	Q4 2025/26 On track	Strategic Priority Theme Groups ⬇ Communities Board RO: Head of Service - Communities DO: Service Managers - Communities	Partnership calendar agreed at Communities Board and in place for 2025/26. Awareness campaigns have taken place during this quarter which includes for example ASB week
3. Violence Reduction Partnership priority implementation plan actions	Q4 2025/26 On track	Violence Reduction Partnership Gold ⬇ Communities Board RO: Head Service Director - Communities	The Serious Violence implementation plan has been developed by Serious Violence (SV) duty holder partners and approved at the Silver/ Gold

19

Table 1: The Community Cohesion, Wellbeing & Resilience Risk – Actions & Progress

Action	Completion Date	Governance & Responsible / Deliverable Owner(s)	Progress Summary
completed to reduce risk		DO: Duty Holders	Violence Reduction meeting in September 2025.
4. Prevent engagement and training delivered in line with action plan and focussed training for frontline Communities staff.	Q3 2025/26 On track	Prevent Silver Contest Board ↓ Communities Board RO: Head of Service - Communities DO: Prevent Coordinator	Prevent training with schools and Designated Safeguarding Leads (DSL's) continues, as part of tiered training offer. Project proposals submitted to Home Office focussing on key themes e.g. online extremism, neurodiversity and mental health. Prevent engagement training refresh for Communities staff is complete.
5. A new 3 yr Community Safety Partnership Plan 2026-29 highlighting community safety strategic priorities and aligned action plans sat within theme groups.	Q2 2026/27 On track	Communities Board RO: Head of Service – Communities DO: Service Managers – Communities / Project Manager	High level project plan developed, phased approach to Overview and Scrutiny Management Committee in Summer 2026 Strategic Intelligence Assessment (SIA) in progress to inform the Strategic Priorities for the plan that will be worked through with OSMC in early 2026 ahead of developing the full plan
6. Partnership KPIs aligned to community safety themes and priorities in development to help assess risk, system pressures, effective action	Q2 2025/26 Complete	Strategic Priority Theme Groups ↓ Communities Board RO: Head of Service – Communities DO: Service Managers – Communities / Project Manager	Key Performance Indicators developed by priority theme groups, for ownership, discussion and action. Implemented and embedded. Continuous improvement to KPI's to integrate performance and operational scoring and narrative.

**REPORT TITLE: INTERNAL AUDIT QUARTERLY REPORT 2 2025/26
JULY 2025 TO SEPTEMBER 2025**

Meeting:	Corporate Governance & Audit Committee
Date:	28 November 2025
Cabinet Member (if applicable)	
Key Decision Eligible for Call In	No No – Information report
Purpose of Report To provide a report of Internal Audit activity during the second quarter of 2025/26	
Recommendations • That the report be noted • The Committee determine if any action is required as a result of this report.	
Reasons for Recommendations • This provides information about activity of internal audit in this period, and the level assurance in the organisation. There may be issues identified which the Committee feels merits further work.	
Resource Implications: • None from this report, other than the potential costs or savings from implementing recommendations	
Date signed off by Executive 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?**	Not applicable

Electoral wards affected: all

Ward councillors consulted: none

Public or private: public

Has GDPR been considered? yes

1. **Executive Summary**

The Council has to have an Internal Audit function. Each quarter Internal Audit reports on its activity. The report also provides information about the Regulation of Investigatory Powers Act. There is an additional report on progress on the implementation of recommendations.

2. Information required to take a decision

2.1 The information required about Internal Audit activity is included in the attached report. There is a further small amount of information contained in a private report.

2.2 Appendix 1 of this report provides an update on all recommendations from 2023/24 and 2024/25 that were due for implementation by 30th September 2025, but have not yet been fully carried out. In summary, of the outstanding recommendations there are two fundamental recommendations not fully implemented. Out of all major recommendations, progress has not been reported on two, while eighteen have seen partial implementation. This is an improved position from Q1, which reflects substantial progress particularly on one adult project.

2.3 The report also provides information about use of Regulation of Investigatory Powers Act investigations. There were none this period, although some RIPA compliance training was carried out.

2.4 At the meeting on 20th June 2025, the committee asked for a report about the feasibility of an internal audit of the council's involvement in Kirklees Stadium Developments Ltd. Appendix B contains some information about this.

3. Implications for the Council

Having an effective internal audit function, as a part of a strong assurance and governance framework is important for the Council. Implementing audit findings should help to improve internal control, assurance and or governance.

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3.1 **Working with People**
No directly applicable.

3.2 **Working with Partners**
No directly applicable.

3.3 **Place Based Working**
No directly applicable.

3.4 **Climate Change and Air Quality**
No directly applicable**.**

3.5 **Improving outcomes for children**
No directly applicable.

3.6 **Financial Implications**
Refers in part to improving strategic and operational financial controls.

3.7 **Legal Implications**
No directly applicable.

3.8 **Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**
Implementation of internal audit recommendations should improve overall control arrangements and promote good governance.

2

4. **Consultation**
There have been discussions with Executive Leadership Team (ELT)

5. **Engagement**
ELT have seen and are aware of the content of this report.

6. **Options**
Not applicable

7. **Next steps and timelines**
Contributes to the Annual Internal Audit report.

8. **Contact officer**
Martin Dearnley Head of Audit & Risk.

9. **Background Papers and History of Decisions**
None.

10. **Appendices**
Quarter 2 report attached
Appendix A; feasibility of Audit
Appendix 1: recommendations implementation update

11. **Service Director responsible.**
The Head of Risk & Internal Audit holds responsibility for the planning, operation and reporting by Internal Audit.
The statutory officers with a responsibility for overseeing the internal audit function are.
Samantha Lawton Service Director for Legal Governances & Commissioning
Kevin Mulvaney Service Director for Finance

3

APPENDIX A

<u>Request for information about the feasibility of an audit into the councils involvement in Kirklees Stadium Developments Ltd (KSDL)</u>

1. At its meeting on 20th June 2025 members asked for a report about the feasibility of carrying out an internal audit into KSDLThe exact nature of what work was expected was unclear, and it was not specifically stated whether the purpose was to look at the current relationship, the entire history or more recent history.

2. KSDL was formed as a regeneration project in the 1990s to create a new sports stadium for Huddersfield that would accommodate Huddersfield Town AFC (HTAFC), and Huddersfield Rugby League Club (HRLFC), both of whom occupied facilities that were poor by the expected standards of the time and forthcoming requirements. KSDL was formed with ownership by HTAFC (40%), HRLFC (20%) and Kirklees Council (40%), and the new stadium was built using a mixture of grants and loans, on land owned by the council, the intentions being that the company would achieve viability by charging rent to the users, and through ancillary activities such as catering, and by the involvement in the promotion of other events. Although the company was commercial, with each party appointing directors, all decisions had to be taken by consensus.

3. Although KSDL was viable through its early years of operation, more recently changes in the way that professional sport operates, financial difficulties, at times, by each of the occupying clubs, and increasing costs of operation, have impacted the business model, and the need for new investment, without the prospects of financial returns on the investment challenged the existing position.

4. Various options to restructure have been proposed over the last 5 years.

5. A final new ownership model was agreed, based on substantial investment by the new owner of HTAFC, and control of KSDL transferred to HTAFC as 100% owners from September 2025, though the council retains the freehold of the site.

6. Internal audits need to be focused on providing assurance about
    (a) internal controls and business arrangements to secure the councils objectives.
         and or
    (b) if arrangements represent value for money.
    and normally provide an opportunity for recommendations to avoid any recurrence of issues identified.

7. The council has never been responsible for day-to-day operation of KSDL, although it has had some involvement in its governance. The external auditor (Grant Thornton) has made observations about the councils involvement in decision making re KSDL in their work in 2023/24.

8. As the council no longer has involvement in KSDL any review could only be a retrospective assessment of the success of its involvement in KSDL. Learning points would only be about aspects relating to circumstances where the council may or may not want to be involved in unique situations.

9. Where local authorities are involved in complex ventures such as this, the factors such as why, and how are well known, as is the concept of understanding financial commitments and risks, and the counter parties to the arrangements, and particularly the exit strategy.

10. The Committee is asked to note that the Head of Risk has had substantial involvement in the restructuring arrangements of KSDL over the past 5 years, so would be conflicted, if any work was determined that related directly to KSDL.

11. Whilst internal audit (or another party) could be asked to review the councils involvement in KSDL, its uniqueness does not create any substantial opportunities for learning. Whilst forensic analysis may determine that some choices made with the benefit of hindsight

4

might have been different, elements of the original set up restricted choices ongoing. - which have impacted options considered by both officers, and Members of the Cabinet.

12. If the Committee is minded to pursue the option of an internal audit, they need to be clear about the objectives, and what purpose it is intended to achieve, recognising the limited resources available.

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Internal Audit & Counter Fraud Quarterly Report
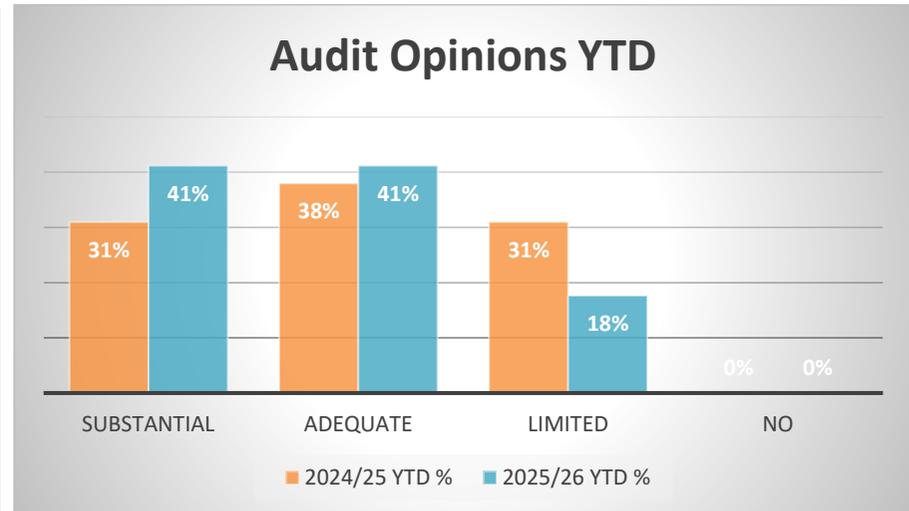
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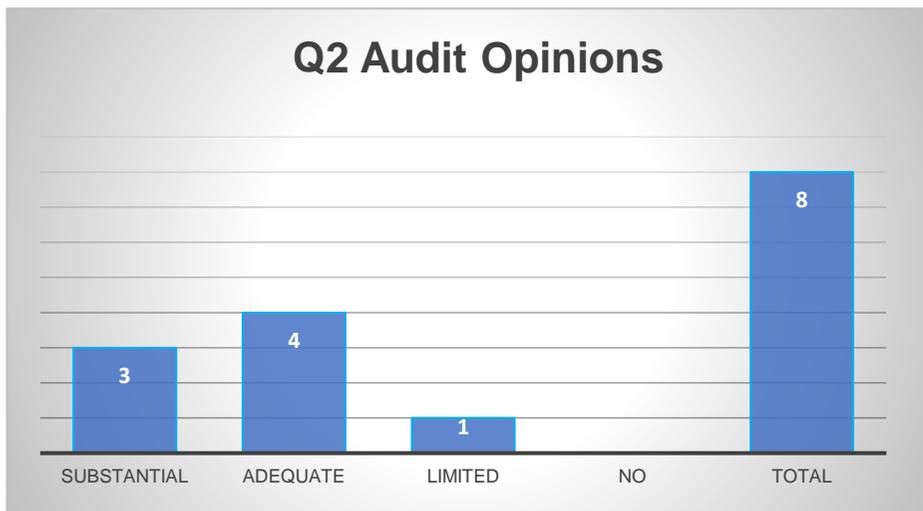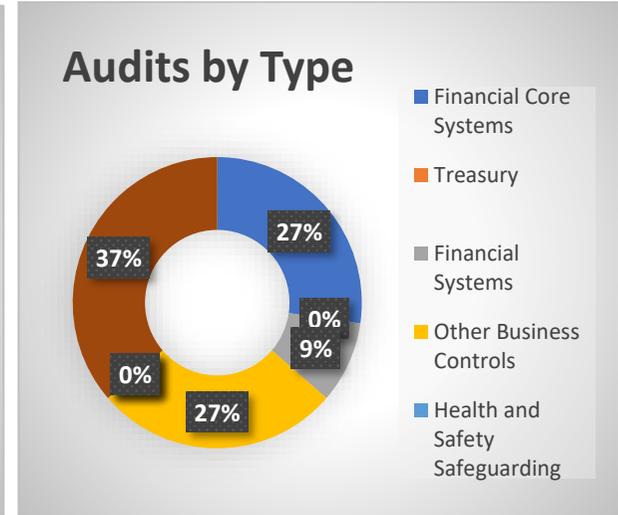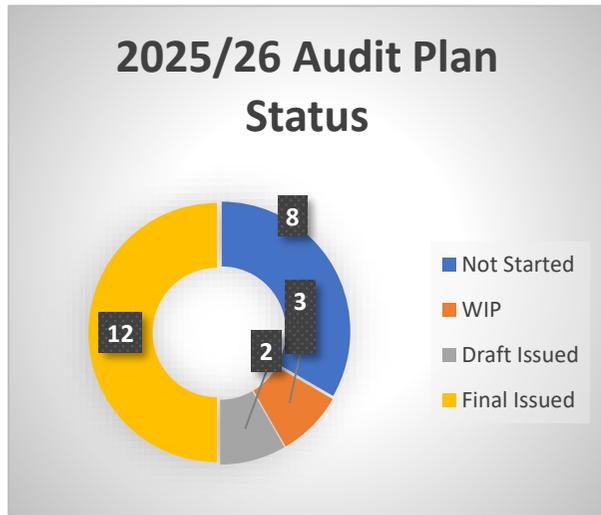
July to September 2025

1 Introduction

This report sets out the work of Internal Audit completed in the period shown above. All work included has reached a final, except if shown otherwise, management have accepted the findings and agreed to implement the recommendations, or, in the case of employee investigations, any disciplinary action has been through the required stages and any appeal time.

Where an assurance opinion was appropriate these reflected the standard framework below:

Opinion	Definition - Control Adequacy	Definition - Control Application
Substantial Assurance	A robust framework of all key controls exists that is likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
Adequate Assurance	A sufficient framework of key controls exists that is likely to result in objectives being achieved but the overall control framework could be stronger.	Controls are applied but with some lapses.
Limited Assurance	Risk exists of objectives not being achieved due to the absence of a number of key controls in the system.	Significant breakdown in the application of a number of key and/or other controls.
No Assurance	Significant risk exists of objectives not being achieved due to the absence of key controls in the system.	Serious breakdown in the application of key controls.

All audit work attracts recommendations intended to achieve at least an adequate level of control. All audits resulting in a negative - "limited assurance" or "no assurance" - opinion are followed up as a matter of course, whereas confirmation of progress in implementing agreed recommendations in other reports is sought once all the implementation dates have elapsed.

2 Internal Audit Assurance Map and Quarterly Dashboard

2025/26 Audit Plan Status

- Not Started: 8, 3
- WIP: 2
- Draft Issued
- Final Issued: 12

Audits by Directorate

- Adults and Health
- Childrens and Families: 36%
- Public Health & Corporate Resources: 46%
- Place: 18%, 0%

Audits by Type

- Financial Core Systems: 27%
- Treasury
- Financial Systems: 9%, 0%
- Other Business Controls: 27%
- Health and Safety Safeguarding: 37%, 0%

Q2 Audit Opinions

- SUBSTANTIAL: 3
- ADEQUATE: 4
- LIMITED: 1
- NO
- TOTAL: 8

Audit Opinions YTD

- SUBSTANTIAL: 31%, 41%
- ADEQUATE: 38%, 41%
- LIMITED: 31%, 18%
- NO: 0%, 0%

2024/25 YTD % | 2025/26 YTD %

3 Planned Audit Work Completed in the Period

3.1 Financial System and Service Business Risk Audits

Reference	Audit / Objectives	Opinion	Recommendations		
			Fundamental	**Significant**	**Merits Attention**
	• **Core Financial Systems**				
	Homes & Neighbourhoods				
010	Housing Rents Income Reconciliation	**Adequate Assurance:** Rents are paid through a variety of means by tenants, primarily direct debit, cash, card and housing benefit from the DWP. Total income received annually amounts to over £95m for a property stock of about 21,500. Three core IT systems (Universal Housing (UH) – rent account, SAP - Accounting and Bank Account – Barclays Bank statements) were examined and checks confirmed that income received is correctly identified, allocated and reconciled. The main area requiring attention related to the UH suspense account containing erroneous or incomplete payments which has an unresolved historic balance of transactions totalling almost £50,000. Management agreed to target resolution of individual items prior to the new IT system, CX, going live. Subsequently, clarification of roles and responsibilities and proactive monitoring needed to be determined to prevent the issue recurring and	0	4	2

4

		growing again.			
	• **Other Financial Systems and Processes**				
	Finance				
011	Clients' Property Register	**Limited Assurance:** The Council has a statutory duty to provide safekeeping for service users' valuables, typically jewellery which may also have a strong sentimental tie, and financial and legal documents and passports. This duty is met by means of a central safe and other secure receptacles, as well as at on-site care facilities. The value of such items is necessarily indeterminant. Items recorded as being kept in the safe were accounted for correctly. However, the ongoing compliance with several previous relevant audit recommendations appeared to have lapsed post pandemic. Unclaimed items were being retained too long and arrangements for sale or disposal did not comply with Contract Procedure Rules. Additional management controls were required for reporting and oversight and segregation of duties, as well as process reiteration to strengthen the internal control environment.	1	3	5

5

	Culture & Visitor Economy				
012	School Meals Income	**Adequate Assurance:** In 2024/25 the Catering Service provided meals to the value of about £18m to Council maintained and academy schools and other internal and external customers. Overall, there are appropriate systems and controls in place for charging and collecting income due. However, the systems and processes for charging are complex due to the differences between maintained and academies, as well as between primary and high schools. Since the previous audit, the Service has made improvements in how it calculates and administers monthly recharges, trying to reduce the amount of manual input as well as using excel formulae to calculate total charges. Total income received for 2024/25 was higher than the previous year, however, the audit was unable to determine if the rates, charges and income collected from schools were appropriate and met Service costs, as due to a high turnover of Finance staff responsible for Catering, minimal budget monitoring was completed. The Service relies on accurate and timely budget monitoring information to identify any significant variations which may indicate that a school has not been invoiced or charged for Catering services. Other historical issues have been identified by the new finance team, including issues with budgets and school profit centres sitting incorrectly within the SAP hierarchy. Whilst it is understood that the financial objective of the Service is to provide full	0	2	2

6

		cost recovery, arrangements and systems are not currently in place to ensure that this is the case.			
	Highways & Streetscene				
013	Winter Maintenance	**Adequate Assurance:** Highway access is ensured via gritting of published routes by a mixture of in-house and external teams, the latter covering mainly more remote rural areas. The gritter fleet is largely being replaced. The budget historically overspends. Overall, the available evidence suggests service delivery is working well. The main issues relate to non-operational areas, to budgetary control, for which an additional £500,000 has been added to the budget for the current year and administrative oversight of sub-contractors' insurance cover.	0	2	3
	• **Other Business Controls**				
	Skills & Regeneration				
014	Planning Consent & Fee Income	**Adequate Assurance:** Around 3,900 applications for development are received annually that generate approximately £1.6m in fee income. There is sufficient evidence of correct decision making and application of policies / rules for both officer and committee decisions. Four areas of improvement were identified however.	0	4	0

		- a need to increase the degree to which quality checks are undertaken of case processing, - progress with recovering additional costs, - further consideration of the potential for fraud and mitigating measures, and - completion of a procurement strategy to replace the current software application that will not receive technical support from the supplier beyond March 2026. Management has agreed to address the recommendations by the end of 2025/26.			

3.2 Recommendation Follow - up Audit Work Completed in the Period

See attached Appendix A.

3.3 School Audits

Reference	Opinion	No.
015, 016 & 017	Substantial Assurance	3
0	Adequate Assurance	0
0	Limited Assurance	0
0	No Assurance	0

See attached private Appendix B.

3.4 Significant and Fundamental Recommendation Themes – cumulative

Fundamental/Significant Recommendation Themes	No. of audits identified
Information management - GDPR	3
Information management – data protection-DPIA	6
Contract Management	7
Cash Handling	4

4 Investigations and other Audit Activity

4.1 Corporate

National Fraud Initiative 2024/25

Work is ongoing to complete checks arising from the highest risk areas across the set of exception reports covering the various datasets submitted. A final summary report will be prepared for inclusion in the next quarterly report.

Following legislative action to address data protection concerns a supplementary exercise is due to commence in November concerning data relating to adult social care, specifically residential accommodation and direct payments (personal care budgets).

4.2 Strategy & Innovation

IT Environment Controls & SAP System Administration

Support provided to the IT Service in managing their relationship with the external auditors, Grant Thornton, in their annual review, as a precursor to the audit of the Annual Accounts.

4.3 Corporate

Replacement Enterprise Resource Planning (ERP) System Procurement

Provided risk and control input to the ER Project Board chaired by the Service Director of Strategy & Innovation following demonstrations of their product from leading software suppliers including the incumbent of SAP, facilitated by the Transformation Team.

4.4 Learning & Early Support

Cyber Fraud against a Primary School

See attached private Appendix

5. Counter Fraud Work

5.1 Housing Fraud

Investigation Type	Cases Brought Forward	New Referrals	Ongoing	Closed Prosecutions	Closed: No Fraud Proven or Warning Issued	Applications Cancelled	Properties Returned and Application Cancelled
Right To Buy	20	3	17		1	3	2
Tenancy Fraud	18	5	20		2	0	1
Multi-Agency/Service Cases	2	1	3		0	0	0

There has been a large increase in Right to Buy (RTB) applications in general since June 2024. However, the amount of RTB applications has reduced substantially in Quarter 2. Despite the high volume of credit checks processed by the fraud team in Q4 2024/25, fraud referrals have stabilised largely due to the reduction in Right to Buy discount thus making it less attractive for tenants to make an application. However, Tenancy Fraud is on the increase, and the focus is on ensuring these cases do not later re-present themselves as Right to Buy fraud. The frauds being encountered are becoming more complex, and cases are becoming longer. Often searches suggest fraud is being committed in other aspects of the suspects lives, resulting in increasing referrals to the Police and other government agencies.

5.2 Council Tax and Business Rate Fraud

Investigation Type	Cases Brought Forward	New Referrals	Ongoing	Closed Prosecutions	Closed: No Fraud Proven	Closed: Referred to Other Government Agency
Council Tax	3	0	3	0	0	0
Business Rates	4	0	4	0	0	0
COVID Grants	1	0	1	0	0	0

5.3 Accounts Payable Fraud

Investigation Type	Q2	YTD	Ongoing	YTD Fraud Attempted	YTD Fraud Successful	YTD Monies Reclaimed
Payment Fraud	3	3	0	3	-	-

5.4 Adult Social Care – West Yorkshire Financial Exploitation and Financial Abuse Team

WYFEAT – Adult Social Care (April 2025 – March 2026 cumulative)

Investigations	Pre-Investigations	Safeguarding Only	Yet to be designated	Closed	Value (£): YTD
1	2	2	2	-	£40,040

5.5 Blue (Parking) Badge Fraud

Cases Brought Forward	New Referrals	Ongoing	Closed - Prosecutions	Closed: No Fraud Proven or Warning Issued
48	35	29	21	33

5.6 Other Investigative Work

Investigation Type	YTD
Money Laundering Cases	0
HR Investigations	0

12

6. Regulation of Investigatory Powers Act investigations

None this period.

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RISK SERVICES - INTERNAL AUDIT

PROGRESS WITH IMPLEMENTING INTERNAL AUDIT RECOMMENDATIONS

At the conclusion of each audit, recommendations are made where necessary to improve the control environment and /or manage the level of risk involved to an acceptable level. Recommendations are classified threefold as follows:

Fundamental –
A recommendation, often requiring immediate action that is key to maintaining an appropriate control environment and thereby avoiding exposure to a significant risk to the achievement of the objectives of the system, process or location under review. Any single fundamental recommendation leads to a Limited Assurance opinion.

Significant –
A recommendation requiring action that is necessary to improve the control environment and thereby avoid exposure to a risk to the achievement of the objectives of the system, process or location under review. More than 4 significant recommendation leads to a Limited Assurance opinion.

Merits Attention –
A recommendation where action is advised to enhance control or improve operational efficiency.

Service Directors / Heads of Service are asked to agree recommendations contained within an Action Plan and identify an owner to oversee implementation by a specific date.

Previously, assurance that this has happened has been obtained from follow up audits arising from any audit resulting in a Limited Assurance opinion; updates on recommendations made in other audits typically have had to wait for the next cyclical audit. A greater focus on the overall position has been driven more recently by the requirements of the revised Global Internal Audit professional Standards that applied from April 2025 and further development of the corporate risk management process, whereby implementation of agreed audit recommendations, especially key ones, is a very important part of managing down the residual degree of risk in a system, process or activity. Consequently, recommendation action owners are now asked for positive assurance of implementation on a quarterly basis once agreed timescales have elapsed.

1

Status of planned 2024/25 & 2025/26 audits with agreed Key Recommendations due for implementation, originally by 30 June 2025 and new ones that became due by 30 September 2025 (Reports where all agreed recommendations to 30.9.25 are completed not reported)

Recommendation Classification	Fundamental				Significant			
Directorate	**Completion Due**	**Complete**	**Partially Complete**	**No action**	**Completion Due**	**Complete**	**Partially Complete**	**No action**
Adults & Health	**1**	**0**	**1**	**0**	**9**	**6**	**3**	**0**
Carephones	1	0	1	0	8	6	2	0
Domiciliary Care Payments	0	0	0	0	1	0	1	0
Children & Families	**1**	**0**	**1**	**0**	**12**	**0**	**12**	**0**
Regional Adoption Agency	0	0	0	0	1	0	1	0
Direct Payments	0	0	0	0	4	0	4	0
School Exclusions	0	0	0	0	3	0	3	0
SENDACT - Education, Healthcare and Care Plan Team	0	0	0	0	4	0	4	0

2

Recommendation Classification	Fundamental				Significant			
Directorate	**Completion Due**	**Complete**	**Partially Complete**	**No action**	**Completion Due**	**Complete**	**Partially Complete**	**No action**
Public Health & Corporate Resources	0	0	0	0	5	1	2	2
BACS Bureau Accreditation	0	0	0	0	2	0	2	0
External Grant Income	0	0	0	0	3	1	0	2
Place	0	0	0	0	4	3	1	0
Waste Management Contract	0	0	0	0	4	3	1	0
Total – all Directorates	2	0	2	0	30	10	18	2
% Total		0%	100%	0%		33%	60%	7%

In addition to those areas where all fundamental and significant recommendations are now reported as achieved, only two *Fundamental* recommendations made previously were outstanding from their originally agreed completion date. Progress has been made on all of these, although they have not been completed. Management have also confirmed that 33*% of Significant* recommendations have been actioned, and all but 7% of the remainder have been progressed in some way.

Management update on progress with Incomplete Recommendations

3

Adults & Health

Carephones- The new head of service who is project leader has developed a new action plan and reviewed progress on the previous one. This involves replacing the existing Carephone system using digital equipment (needed to meet national telecom requirements) by April 2026. Suggested changes to social work practice are being implemented at the same time, with integration between the Mosaic (general social care it system) and new Carephone systems.

Domiciliary Care Payments- The outstanding significant recommendation is due to the resource capacity required to complete it. An audit has been scheduled to look at brokerage which will encompass some of this situation. The partially completed recommendation has been Incorporated into the transformational savings project which is due for completion during the final quarter of 2025.

Children & Families

Regional Adoption Agency – One significant recommendation remains partially outstanding which the service believes can only be completed at contract end (2027).

Direct Payments – Four of the original nineteen recommendations remain to be completed, which the service proposed will be achieved by the end of the calendar year.

School Exclusions – Three significant recommendations remain only partially completed

SENDACT - Education, Health & Care Plan Team – four significant recommendations are not yet completed.

Public Health & Corporate Resources

BACS Bureau Accreditation – regarding the two significant recommendations in progress,
- due diligence re award of a new back up contract has been protracted, award will take place shortly, with implementation early in 2026.
- Welfare & Exchequer Services management have agreed new processes and identified officers to approve transactions, although full operation has not yet been implemented.

External Grants Income- Full progress made on recording and reconciling.

4

Place

Waste Management Contract – post to achieve new arrangements being recruited November 2025.

5

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Corporate Governance and Audit Committee – Outline Agenda Plan – 2025/26

MEETING DATE	ITEMS FOR CONSIDERATION
20 June 2025	1. Treasury Outturn Report (Reference to Council) 2. Annual Governance Statement (draft) 3. 2024-25 Audit Plan 4. QR4 of Internal Audit 5. Annual Report of Internal Audit 6. District Heating Update 7. Culture of Financial Challenges and Maximising income 8. Procurement Motion
1 August 2025	1. Annual Corporate Emergency Planning & Business Continuity 2. External Audit Verbal Progress update 3. Annual report of the Committee (Reference to Council) 4. IT supporting mandatory training 5. Community Governance Review
26 September 2025	1. Annual Report on bad debt write offs 2024/25 2. External Auditors progress report 3. Outside Bodies Nominations 4. Polling district and places review 5. Information Governance Annual Report 6. Q1 of Internal Audit - April – June 2025 7. Update on progress against External Auditors recommendations 8. Community Governance Review Terms of Reference
28 November 2025	1. Treasury 6-month Outturn Report 2. Q2 of IA -July – September 2025 3. External Audit Progress Report 4. Risk Management Update 5. Corporate Customer Standards Annual Report 2024/25 6. Risk assurance process on selected services 7. Local Government Ombudsman Code
30 January 2026	1. Dates of Council Meetings (Reference to Council) 2. Customer Complaints Interim Report 3. Annual Governance Statement 4. Final Accounts 5. Treasury Strategy Report 6. 2024-25 Auditors Annual Report (Value for Money) 7. External Review of Internal Audit – Progress Report 8. Culture of Financial Challenges 9. *Community Governance Review*

20 February 2026	1. External Audit Verbal Progress Report
	2. Q3 of IA – October – December 2025
	3. Amendment to Financial Procedure Rules (Reference to Council)
	4. Amendments to Contract Procedure Rules (Reference to Council)
	5. Changes to Constitution (Reference to Council)
	6. Mandatory Training Review
24 April 2026	1. Annual Report of Internal Audit 2024/25
	2. Q4 of IA – January – March 2026)
	3. Internal Audit Plan 2026/7
	4. 2025-26 Audit Plan
	5. Informing the Audit Risk Assessment
	6. District Heating Update

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