

Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 11th May 2018

Present: Councillor Hilary Richards (Chair)
Councillor Carole Pattison
Councillor Kath Pinnock
Councillor Ken Sims

Apologies: Councillor Julie Stewart-Turner
Councillor Nigel Patrick

1 Membership of the Committee

Apologies for absence were received on behalf of Councillors Patrick and Stewart-Turner.

The Committee welcomed Robin Baker, representing Grant Thornton UK LLP, following their recent appointment as the Council's External Auditor.

2 Interests

No interests were declared.

3 Admission of the Public

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

4 Deputations/Petitions

No deputations or petitions were received.

5 Review of Treasury Management Performance

The Committee received a report which set out a review of the Council's borrowing and investment performance.

In summary, it was noted that the Council's treasury management operation was in line with the strategy as approved by Council on 15 February 2017 and reflected that investments averaged at £37.9m, mainly deposited in instant access accounts earning an average interest rate of 0.26%. The report advised that total external borrowing decreased for the year by £25m to £413.2m due to reasons which included repayment of existing debt, slippage in the capital plan and increases in reserves due to policy changes, and that the average borrowing rate for 2017-2018 was 4.76%.

The report provided an overview of (i) economy and interest rates (ii) investment activity (iii) borrowing requirement and debt management (iv) risk and compliance issues and (v) treasury management developments in 2018-2019.

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Discussion took place with regards to Lenders Option Borrowers Option and it was noted that the Council currently had a £10m Range LOBO with Barclays, and a £10m LOBO loan with Commerzbank. The Committee were advised that in the case of both loans, the borrower was able to choose to accept any change in the level or interest rate, or to re-pay at no additional cost. It was proposed that officers would liaise with external advisors to review both lender options and proceed if they were considered to be in the best interests of the Council in the long term.

The Committee also noted paragraph 2.9.2 of the report, which set out details on a funding source from SALIX Finance Ltd, which provided interest free Government funding to the public sector to assist in improving energy efficiency, reducing carbon emissions and lowering energy bills. It was noted that the Council had taken this opportunity for funding and that SALIX had approved an in-principle £5.9m interest free loan, repayable over seven years.

RESOLVED -

That the report be submitted to Cabinet (June 2018) and Council (July 2018) with the recommendation that;

- (i) treasury management performance in 2017/2018 be noted
- (ii) approval be given to officer proposals to review the two LOBO loan re-financing options in conjunction with Arlingclose, and to proceed if considered beneficial to the Council
- (iii) approval be given to an amendment to the existing borrowing strategy to incorporate SALIX Finance as an interest free loan funding source
- (iv) the intention to bring forward more detailed proposals regarding potential investment in the Local Authority Fund, as part of the Treasury Management Strategy update, be noted.

6 External Audit Fee 2018/2019

The Committee received a report which provided an update on the Planned Audit Fee for 2018-2019 final accounts work, and arrangements for the audit of external grant claims and returns from 2018-2019 onwards.

The report confirmed that, subsequent to a tendering exercise carried out by Public Sector Audit Appointments Ltd, the appointment of Grant Thornton (UK) LLP as the Council's auditor had been effective from 1 April 2018. Appendix A to the report set out the planned audit work for 2018-2019, and that the fee for the work would be £122,221.

The report also advised that Local Authorities were required to appoint a reporting accountant to undertake any required assurance work on grant claims and returns and that the DWP had set a deadline of 2 July 2018 to receive notification of the reporting accountant appointment in relation to the housing subsidy grant claim 2018-2019. It was therefore intended that officers would review the current grant claim arrangements, and appoint a reporting accountant in accordance with Contract Procedure Rules for external grant claims and returns 2018-2019.

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RESOLVED -

1) That the appointment of Grant Thornton UK LLP as the Council's auditor for 5 years from 1 April 2018, their planned audit fee, work programme and timetable for 2018-2019, be noted.

2) That approval be given to the appointment of a reporting accountant, in accordance with Contract Procedure Rules, to undertake relevant external grant and reporting requirements for 2018-2019, no later than 2 July 2018.

3) That compliance with Local Audit (Appointing Person) Regulations 2015 and ensuring value for money be noted

7 Proposed Amendments to Financial Procedure Rules

The Committee gave consideration to a report, prior to its submission to Annual Council on 23 May 2018, which set out proposed changes to Financial Procedure Rules, mainly in regards to procedures relating to revenue and capital management. Paragraph 2 of the considered report provided an overview of the rationale for the changes and the proposed changes were illustrated by track changes in the appendix to the considered report.

The Committee were asked to approve the submission of the document to Annual Council for endorsement.

RESOLVED - That the changes to Financial Procedure Rules be submitted to the meeting of Annual Council on 23 May 2018 with a recommendation of approval.

8 Proposed Amendments to the Constitution

The Committee gave consideration to a report, prior to its submission to Annual Council on 23 May 2018, which set out proposed changes to the Council's constitution. The Committee were advised that the Constitution had been reviewed throughout the year and that minor changes had been made in line with authority delegated to the Monitoring Officer. It was noted that the amendments made by the Monitoring Officer under delegated powers were set out at Appendix A to the report.

Paragraph 2 of the report provided a breakdown of the proposed constitutional changes, along with a rationale for the proposed amendments. The Committee considered and discussed all of the proposals individually and endorsed that they be submitted to Council with a recommendation of approval.

RESOLVED - That the changes to the Constitution be submitted to the meeting of Annual Council on 23 May 2018 with a recommendation of approval.