

Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 17th May 2019

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

Observers: Councillor Susan Lee-Richards
Councillor Will Simpson

1 Appointment of Chair

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

2 Membership of the Committee

Councillor Sokhal substituted for the Labour Group vacancy.

Councillor Allison substituted for the Green Group vacancy.

3 Interests

No interests were declared.

4 Admission of the Public

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

5 Deputations/Petitions

None received.

6 Place Lead Role

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

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

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

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

RESOLVED -

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

7 Annual Procurement Update

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

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

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

8 Annual Report on Treasury Management 2018-19

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

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

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

RESOLVED -

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

9 External Audit - Progress Report and Sector Update

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

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

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

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

10 External Audit Fee

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

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

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

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

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