

Contact Officer: Yolande Myers

## **KIRKLEES COUNCIL**

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

**Friday 23rd July 2021**

Present: Councillor Yusra Hussain (Chair)  
Councillor Paola Antonia Davies  
Councillor Susan Lee-Richards  
Councillor Kath Pinnock  
Councillor Mohan Sokhal  
Councillor Melanie Stephen  
Councillor John Taylor

Observers: Councillor Elizabeth Smaje, Chair of Overview & Scrutiny  
Committee  
Councillor Erin Hill, Chair of Standards Committee

Apologies: Councillor Paul Davies

**1 Membership of the Committee**

Apologies for absence were received on behalf of Councillor Paul Davies.  
Councillor Mohan Sokhal substituted for Councillor Steve Hall.

**2 Minutes of Previous Meeting**

**RESOLVED** – That subject to the following amendment, the minutes of the Meeting held on 25 June 2021 be approved as a correct record:

**Proposed amendments to Council Procedure Rule 35**

**RESOLVED –**

- (ii) that a report be submitted to the next available committee meeting explaining the relevant parts of the constitution which meant that this committee had to consider the amendment (and explaining whether the Council had a permissive constitution).

**3 Declarations of Interest**

There were no declarations of interest.

**4 Admission of the Public**

It was noted that Agenda Items 15 and 16 would be considered in private session.

**5 Deputations/Petitions**

The Committee received a deputation from Nick Hughes in relation to Agenda Item 12.

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A response was provided by the Cabinet Member for Learning, Aspiration and Communities (Councillor Carole Pattison)

### **6 Public Question Time Question from Nick Hughes**

It has taken Kirklees Council five and a half years to produce this flimsy, one side of A4 report. What possible justification can there be for the Council taking five and a half years to produce this one side of A4?

A response was provided by the Cabinet Member for Learning, Aspiration and Communities (Councillor Carole Pattison)

### **Question from Nick Hughes**

At the start of 2016, Kirklees Council assured the public that the investigation would be transparent and honest. In Sept 2017 the Council said that a written report would be produced setting out the findings of the review / investigation. Do you think the Council's investigations have been transparent and honest and why are there no findings in this report, as promised?

A response was provided by the Cabinet Member for Learning, Aspiration and Communities (Councillor Carole Pattison)

### **7 Annual Report on Treasury Management 2020/21**

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

Investments averaged £63.6 million and were largely deposited in instant access accounts earning an average interest rate of 0.13%. Total external borrowing decreased by £1.1 million to £425.8 million. The Committee heard that the main highlight was a new £10 million Government long loan from the Public Works Loan Board in March 2021. Temporary borrowing increased for the year by £0.6 million to £41.5 million. Most borrowing was on fixed rate terms and the average long-term borrowing rate for 2020-21 was 4.46%. Short-term borrowing rates averaged 0.20%.

Due to a previous revision in its Minimum Revenue Provision Policy the Council over-provided in previous years the re-payment of debt to the sum of £91.1 million. Within the Treasury Management Strategy 2018-19 the Council set out its approach to unwind this over-provision at £9.1 million each year over the next 10 years, starting from 2017-18 onwards. The actual MRP calculation for 2020-21 was £14.3 and hence the maximum unwind allowable. However in 2020-21 the unwind increased by only a further £0.2 million to £13.7 million. Treasury management costs incurred in the year include £9.0 million on net interest payments. The Council complied with its treasury management prudential indicators in the year.

**RESOLVED –**

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- (i) That the Committee note the treasury management performance as set out in this report.
- (ii) That the Committee thank officers for successfully navigating a difficult year regarding unexpected additional work to allocate funding sources for local businesses.

### **8 Update on the Redmond Review and the Council's final accounts for 2020/21**

The Committee received a report which outlined the outcome of the Redmond Review and the final accounts and audit processes for 2021/21. The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, reported to the Secretary of State for Housing, Communities and Local Government in September 2020 outlining 23 recommendations. Several remedial measures were then announced by the Government in May 2021.

The Committee heard that the COVID pandemic had brought significant challenges to the Council. In prioritising workloads, the finance team ensured that the draft accounts were produced as close to the original statutory deadline for the draft accounts, of 31 May, as possible. The team capitalised on the early year end preparation work pre-COVID, which allowed the auditors scope to commence aspects of their audit work earlier in the process, given the auditor's own logistical and capacity challenges.

The draft accounts were completed and signed by the Council's Service Director - Finance on 9 July, ahead of this year's revised statutory sign off deadline of 31 July 2021.

#### **RESOLVED –**

- (i) That the new audit regulator and the new local government audit framework be noted,
- (ii) That the revised statutory deadlines for the production of the Unaudited Statement of Accounts (31 July) and for the Audited Statement of Accounts (30 September) be noted,
- (iii) That the Unaudited Statement of Accounts published on the Council's website be noted and to note the dates of the public inspection period, from 9 July to 19 August.

### **9 External Audit Plan**

The Committee received the External Audit Report, for year end 31 March 2021, as submitted by Grant Thornton. The Committee noted that the Covid-19 pandemic had placed a strain on the financial accounting timetable.

Jon Roberts and Stephen Nixon, representing Grant Thornton, endorsed the findings of the Redmond Review and provided the Committee with highlights which notably included the importance of Systems Leadership. In acknowledging the review, the Committee noted that it would have more responsibility around estimates that appeared within the accounts and acknowledged that the Committee would be expected to have a good understanding of estimates contained therein, including in technical areas.

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The report set out several key issues to be considered as part of the end of year closedown. Specific reference was made regarding the level of Dedicated Schools Grant overspend. The Committee noted that the overspend was relatively large in relation to other authorities.

**RESOLVED** – That the External Audit Findings Report, for Year end March 2021, be received and noted.

### 10 Legal advice

The Committee received a verbal update in relation to a request to clarify the legal advice given before the Council's AGM on 19<sup>th</sup> May 2021 relating to the relevant parts of the Council constitution which applied.

The Committee heard that the Terms of Reference for the Corporate Governance and Audit Committee included to keep under review the Council Procedure Rules (CPR) and make recommendations to Council. The AGM considered a motion which set out several amendments to the CPRs, previously considered by this Committee, but that motion did not contain any amendment to CPR 35. The advice given, prior to the AGM, was that the amendment to CPR35 should firstly be considered by this Committee before being considered at Council as it was a new change not an amendment to something previously discussed and considered by this Committee. The Monitoring Officer explained that a note containing the advice would be circulated to Members of the Committee and Group Leaders for information.

The Committee requested further information in relation to whether the Council had a permissive constitution. A verbal response to this was provided in the meeting the Monitoring Officer confirmed that the note would also contain a response to this.

**RESOLVED** – That the advice be noted.

### 11 Nomination of Representative

The Committee received a report regarding the nomination of a representative to a Community Trust, to be established by Thomas Crompton Demolitions Ltd. The Committee noted that the ward affected was Dalton, and not Mirfield as outlined within the report.

The report outlined that the planning permission for the site was subject to the establishment of a Community Trust, which would operate as a liaison Group for the local community. The Committee was asked to consider the addition of the trust to the schedule of organisations (outside bodies).

**RESOLVED** – That the Committee agree to establish the Trust and to the appointment of nominations to the Trust.

### 12 Recommendations for the Council in ensuring its services to schools are provided appropriately and effectively

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The Committee received a report which set out the recommendations from an investigation into matters relating to the involvement of the council in the operation and management of schools.

Following complaints being raised about the Council's involvement in the operation of a school, the Chief Executive requested the Head of Internal Audit and Risk to carry out an investigation. The Committee noted that the issues raised within the complaints related principally to issues that were outside of the Council's control or responsibility.

The report produced following the investigation, found scope for improving services to schools in several areas. The recommendations were set out in the appendix to the report, and the Committee noted that the Chief Executive had accepted all the recommendations. Senior managers within the Council had committed to implementing all the recommendations.

**RESOLVED** – That the Committee note the report and recommendations and was satisfied with the outcome of the investigation.

### 13 **Quarterly report of Internal Audit Q1 2021/22 April 2021 to June 2021**

The Committee received a report relating to the internal audit work in quarter 1 of 2021/22.

Quarter 1 contained 12 pieces of completed work, of which 5 were schools. One follow-up identified that no progress had been made but the service was in progress to address issues. Two of the 11 had limited assurance, both of which were into activity areas identified as inadequate circa 2 years ago and related to elements of school meals and building control.

**RESOLVED** –

- (i) That the Internal Audit Quarterly Report be noted and that no further action was sought on any matter identified.
- (ii) That it be noted that there has been no Regulation of Investigatory Powers Act activity during the period quarter 1 2021/22.
- (iii) That the Committee thank officers for succeeding in their audit work despite the ongoing pandemic.

### 14 **Exclusion of the Public**

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

### 15 **Quarterly report of Internal Audit Q1 2021/22 April 2021 to June 2021**

Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information (Variation)

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Order 2006, namely Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Committee noted the exempt information, which was an appendix to Agenda Item 13.

### **16 Recommendations for the Council in ensuring its services to schools are provided appropriately and effectively**

Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information (Variation) Order 2006, namely Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Committee noted the exempt information, which was an appendix to Agenda Item 12.