

Contact Officer: Yolande Myers

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 26th November 2021

Present: Councillor Yusra Hussain (Chair)
Councillor Paola Antonia Davies
Councillor Steve Hall
Councillor Susan Lee-Richards
Councillor Kath Pinnock
Councillor John Taylor

Observers: Councillor Elizabeth Smaje

Apologies: Councillor Paul Davies (ex-Officio)

1 Membership of the Committee

Apologies for absence were received on behalf of Councillor Paul Davies.
Councillor Adam Gregg substituted for Councillor Mel Stephens.

2 Minutes of Previous Meeting

RESOLVED – That the Minutes of the meeting held on 24 September 2021 be approved as a correct record.

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

There were no deputations or petitions received.

6 Public Question Time

No public questions were submitted.

7 Committee System Proposal

The Committee considered a report from the Local Government Advisor (LGA), Mark Edgell following his appointment to advise and work with Councillors on the governance review process.

The report noted that there were three official options for council governance being Leader and Cabinet, Committee and Mayor and Cabinet. The report advised that some Councils had differing arrangements for decision making, but the important aspect of any model was culture. This was described within the report as the way

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that people behave within any system, the way they assert themselves and the way they listen to others and are influenced by them.

Following an LGA facilitated all-Councillor session, Mark Edgell reported that overall there was not a sense that the current governance system was failing with members describing many strengths from the arrangement. However, there was a clear view from Councillors that improvements could be made.

The Committee determined that further work should be undertaken to consider (i) further evidence from LA's who had moved from cabinet and scrutiny model to a committee system (ii) further evidence from LA's who had moved from committee system to cabinet and scrutiny model (iii) further evidence from LA's who had returned to a cabinet and scrutiny system after changing to a committee system (iv) how the evidence base for decision making could be improved (v) how the rationale for decision making could be more effectively communicated (vi) how non-executive members could influence decision making (vii) how pre-scrutiny consideration could be improved.

RESOLVED –

- (i) That the Corporate Governance and Audit Committee request the Democracy Commission gather further evidence to inform future decision making.
- (ii) That a draft Terms of Reference be considered at the next meeting of the Committee with a timeframe for the Democracy Commission to complete their evidence gathering.

8 Half Yearly Monitoring Report on Treasury Management Activities 2021/22

The Committee received a report providing assurance that the Council's treasury management function was being managed prudently and pro-actively. External investments, including £10.0 million invested in the Local Authorities Pooled Investment Fund (LAPF), averaged £37.6 million during the period at an average rate of 0.49%. Investments had ranged from a peak of £68.8 million and a low of £16.6 million both in April. The high investment balance in April was due to receiving a restart grant of £22.4 million from Central Government but this was paid out to local busines in mid-April.

It was reported that balances were invested in line with the approved treasury management strategy, details of which were appended to the report, in instant access accounts or short-term deposits.

The treasury management revenue budget was £24.3 million. The change in Minimum Revenue Provision (MRP) policy allowed for a planned release of £9.1 million MRP budget over-provision in 2021/22. The budget strategy update report 2022/23 re-affirmed the decision taken in the annual budget report in February 2021 to forward profile the release of the MRP over-provision with an additional £4.6 million, in light of the estimated medium term COVID impacted pressures on the Council finances. The MRP policy was to provide for MRP based on the asset life to which external borrowing was incurred. The MRP calculation was used to

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determine the amount of revenue resources that needed to be set aside annual by the Council to meet its debt obligations.

It was reported that in-year treasury management performance was in line with the treasury management prudential indicators set for the year and details were appended to the report.

RESOLVED – That the Committee noted the half-year treasury management performance in 2021/22 as set out in the report.

9 Audit Progress Report and Sector Update

The Committee received the External Audit Progress Report (Year Ending 31 March 2022) and Sector Update from Grant Thornton External Audit.

The report updated the Committee on progress in delivering Grant Thornton's responsibilities as the external auditors. The report also set out an update on headlines regarding (i) a summary of emerging national issues and developments that may be relevant to the Local Authority and (ii) a number of challenge questions in respect of the emerging issues which the Committee was asked to consider.

RESOLVED - That the External Audit update report be received and noted.

10 Public Sector Audit Appointments Process for the 2023/28 Period

The Committee consider a report which updated Members on the proposed procurement exercise for Public Sector Audit Appointments (PSAA) process for the 2023 to 2028 period, which, subject to Local Authorities exercising their right to opt in, was to be undertaken by the PSAA to appoint their external auditors from 1 April 2023 to cover the period 2023-2028.

The Committee noted that the recommendation of the Service Director for Finance was that the Council should opt-in to the procurement exercise undertaken by the PSAA, who remained best placed to drive whole system improvements on the sector's behalf.

RESOLVED – That the Committee recommend that the Council ask Public Sector Audit Appointments Ltd to carry out Auditor Panel duties on behalf of the Council and nominate a proposed External Auditor to the Council in due course, for the 2023-28 period.

11 Recommendation on the Code of Conduct from Standards Committee

The Committee considered a report which outlined changes to the Council's Code of Conduct proposed by the Standards Committee to Council. The promotion and maintenance of high standards of conduct by Councillors was an important part of maintaining public confidence in both the council and its members.

The report advised that following a discussion of the options, the Standards Committee resolved to recommend a 'hybrid' Code of Conduct to this committee and requested that it be agreed and referred to Council. A copy of the 'hybrid' Code of Conduct was appended to the report.

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RESOLVED – That the Committee recommend the Council adopt the draft ‘hybrid’ Code of Conduct that was based on the LGA model code as set out in the appendix to the report.

12 Risk Management Update

The Committee received a report relating to the Council’s Risk Management Statement and its arrangements for Corporate Risk Management.

It was noted that the Corporate Risk Matrix which was appended to the report, identified the ongoing risks and issues, many of which were common to a large authority or organisation. The Risk Matrix remained stable in terms of its content and was now structured by risk type with trend analysis and responsibility holders along with some symbolic information.

The report explained that the Project Risk Matrix, appended as a private appendix, listed features of several projects that involved the council, typically with a high value or high profile.

RESOLVED –

1. Council’s Risk Management Statement and its arrangements for Corporate Risk Management be noted.
2. That the Committee confirm they are content with the risk management process and operation as described within the report.

13 Quarterly Report of Internal Audit Q2 2021/22 - July 2021 to September 2021

The Committee received the Internal Audit Quarterly Report, Quarter 2 2021/22 which set out an overview of internal audit activity for the period July 2021 – September 2021.

The report highlighted that coronavirus continued to impact on the ability to do internal audit work and provide a strong level of assurance. A number of services areas had asked that some work be deferred, and as a result, a reduction of 22 topics (and an addition of 1 item) was proposed to the planned work as summarised within the appendix to the report. The reductions were based on an assessment of imminency of risk and was also based on anticipated levels of resource availability.

RESOLVED –

1. That the Internal Audit Quarterly Report 2021/22 (Quarter 2) be received and noted.
2. That the Committee noted that there had been no Regulation of Investigatory of Powers Act activity during the period Quarter 2 2021/22.

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 item of business on the grounds that they involve the likely disclosure of exempt information as defined in

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Part 1 of Schedule 12A of the Act, as specifically stated in the undermentioned Minute.

15 Risk Management Update

(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 that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption, which would protect the interests of the Council and the company concerned, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.)

The Committee received the Council's Risk Management Statement and its arrangements for Corporate risk Management.

RESOLVED - That the Council's Risk Management Statement and its arrangements for Corporate risk Management be received and noted.

16 Quarterly Report of Internal Audit Q2 2021/22 - July 2021 to September 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) Order 2006, namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption, which would protect the interests of the Council and the company concerned, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.)

The Committee received the Internal Audit Quarterly Report, Quarter 2, which set out an overview of internal audit activity in the second quarter of 2021/2022.

RESOLVED - That the Internal Audit Quarterly Report 2021/2022 (Quarter 2) be received and noted.