

Contact Officer: Nicola Sylvester

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 27th September 2024

Present: Councillor John Taylor (Chair)
Councillor James Homewood
Councillor Angela Sewell
Councillor Caroline Holt
Councillor Kath Pinnock
Councillor Imran Safdar

Co-optees Chris Jones

In attendance: Rachel Spencer- Henshall, Strategic Director, Corporate Strategy
Samantha Lawton, Service Director – Legal, Governance and Commissioning (Monitoring Officer)
Naz Parkar, Service Director, Homes and Neighbourhoods
Leigh Webb, Acting Head of Governance
Martin Dearnley, Head of Risk and Internal Audit
James Anderson, Head of Accountancy (Virtual)
Sean Westerby, Corporate Safety and Resilience Manager
Deborah Nicholson, Democracy Manager, Liaison & Support
Erin Wood, Information Governance Manager & Data Protection Officer
David Cleaver, Service Manager, Assets & Development
Scott Wise, Head of Assets & Development
Jacqui Fieldhouse, Head of Finance, Transactional Services
Chris Brown, Head of Housing Management & Partnerships, Homes & Neighbourhoods
Greg Charnley, Grant Thornton

1 Membership of the Committee

No apologies were received.

2 Minutes of Previous Meeting

RESOLVED- That the minutes of the meeting held on 26th July be approved as a correct record.

3 Declaration of Interests

Councillor John Taylor declared another interest in item 9 as Chair of Corporate Governance and Audit Committee.

4 Admission of the Public

All items were considered in public.

5 Deputations/Petitions

No Deputations/Petitions were received.

6 Public Question Time

No questions were asked.

7 Annual Corporate Health and Safety Report 2023/24

The Committee received a report providing an overview of review and performance monitoring activity of the Council's Health and Safety risk management system and policies undertaken by the Corporate Safety Team over the past 12 months to ensure that the organisation had clearly set out its commitments to manage health and safety matters effectively.

The report demonstrated that the work of the Corporate Safety Team supported the Council Plan, and the Council's subsequent delivery of cross-council priorities. It was noted that Kirklees Council had a well-established and embedded health and safety management system.

In response to a question relating to inspections and resource pressures, the Corporate Safety and Resilience Manager advised that the emphasis was on improving the position of risk. It was noted that health and safety was not being taken out of the organisation but had to be worked within budgets.

The Committee raised concerns relating to the risk matrix for homes and neighbourhoods being in red, the Corporate Safety and Resilience Manager advised that work was being carried out with the service to improve health and safety performance, it was noted that some standards were not met as expected by the regulator, but that did not mean that health and safety for employees or residents was poor.

RESOLVED- That the Annual Health and Safety Report 2023/24 be noted.

8 Information Governance Annual Report 2023/24

The Committee received a report providing an update on the Information Governance service and offer to the Council, outlining key events and activities across the year. The report focused on compliance, both statutory and best practice, as well as examining the challenges faced, successes and next steps.

Presentation slides were submitted to accompany the report which highlighted the challenges and achievements throughout the year including details of the Subject Access Requests (SARS) backlog, current resources and service demands.

During discussion of this item, Members acknowledged the increased number of Freedom of Information requests and felt this was due to decision making

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information not being readily available and asked that there was a change in attitude across the Council in releasing or sharing information. The Committee suggested that using the 'My Kirklees Account' to share more local information would be beneficial to the community.

RESOLVED- That the Information Governance Annual Report 2023/24 be noted.

9 **Report of the Members Allowances Independent Review Panel**

The Committee received a report on Independent Review Panel who met to consider the Members Allowance Scheme.

The Members Allowance Independent Review Panel meets to consider and recommend the Members Allowances Scheme to Council, having regard to evidence received and associated developments that would affect the scheme.

The Independent Panel met in June 2024, their report including recommendations to be considered at Council (Appendix A in the report). The report also responded to the resolution of Council at the meeting held on 23 September 2023, relating to the scheme having regard to the financial position of the Council and the request for Members to voluntarily forgo increases based on pay award and reduce basic and SRA allowances by 5%. The recommendations within the report relating to the 2024/25 Members Allowances Scheme advised that the Members Allowance Scheme could be managed within overall base budget of the scheme.

During discussion of this item the Committee felt that items three and four of the recommendations included within the report presented were what the Panel wanted to look at and to preserve the independence of the panel, this was not for this committee Council to agree, and amended the recommendation to the resolved below (2.iii)-

RESOLVED-

- 1) That the report of the Members Allowances Independent Review Panel be noted.
- 2) That the Committee recommends that Council approve the recommendations of the Members Allowances Independent Review Panel MAIRP (as set out in Appendix A) with the following:
 - (i) That no changes be made to the 2024/25 scheme other than to apply the same percentage pay award awarded to officers to the Basic Allowance and SRAs and to be backdated to 1 April 2024 when known.
 - (ii) To continue to apply the same percentage pay award awarded to officers to the Basic Allowance and SRAs in subsequent years, as per the 2017 recommendation of the Democracy Commission.
 - (iii) To note that the Panel will reconvene to consider the scheme for 2025/26 in line with the issues identified in the report (set out at Appendix A) along with any additional issues determined by the Panel.

10 Internal Audit Plan for 2024/25 (Quarters 3 & 4)

The Committee received a report which provided the Internal Audit Plan for the second half of 2024/25.

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 determine an audit plan for half a year, based on a risk assessment. The second half plan proposed reflected comments made at the meeting of the Committee in April 2024 meeting.

The Committee noted that Internal Audit is 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 & Resourcing 2024/25
- Performance Standards
- Fraud Work

During consideration of this report the Committee asked the Head of Internal Risk and Audit if he was confident in providing assurance at the end of the year given the resource constraints and the removal of three items. The Head of Risk and Internal Audit advised that they were confident in giving an opinion this year, however future years could be a risk if there were no further resources secured.

In response to a question on cyber security, the Committee was advised that cyber security was a specialist area which Internal Audit did not fully have the skills to review. It was noted that there were external experts who could provide assurance. The Committee requested a private update from the IT service providing assurance on what was being done around cyber security.

RESOLVED- That the Internal Audit Plan for 2024/25 (Quarters 3 & 4) be approved noting the resource position.

11 District Heating - Request for Officer attendance

The committee received a report advising of progress against the recommendations made by internal audit in relation to the Councils District Heating Service.

At its meeting on 26th July 2024, the committee considered the first Quarterly report of Internal Audit 2024/25 (April to June 24) and decided that they were not content with the matters identified in the audit report that related to District Heating. The Committee requested that management from the service attend a future meeting to discuss progress.

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The 2024/25 audit followed a previous internal audit review of district heating schemes which were undertaken in October 2019, which highlighted significant weaknesses relating to the scheme not achieving break-even, the need to prepare to renew the contract for support services and the management of the vulnerability criteria. It was noted these had not been addressed due to there being no inhouse technical capabilities to develop and manage an energy strategy that would inform decisions around heat networks in Kirklees.

The report highlighted that original unit costs for gas had not been reviewed since the commencement of the contract in 2013. This resulted in under recovery of income, which had become even more significant since 2022/23 when energy costs rose substantially. Currently the Housing Revenue Account was subsidising the shortfall in district heating payments and the actual cost of energy usage was not being recovered. It was noted that going forward there would be an increase in charge to residents and a report was being prepared for Portfolio Holder approval for the end of September 2024, however it would not be possible to recover the losses that arose in previous years.

During consideration of this report the Committee raised concerns around residents underpaying for energy which left the Housing Revenue Account supporting the failure to recover sufficient income. The Service Director advised that there had previously been a lack of governance and control in this area, it was difficult to establish even with hindsight why the arrangements had not been effective for eleven years. The Service Manager advised that a corporate project team had been established to ensure that the audit report and all recommended actions were addressed along with overseeing a compliant procurement; ensuring key stakeholders were consulted; producing a realistic and achievable timeline for procurement of a new contractor for meters and billing; having a robust contract for meters and billing in Kirklees and to establish arrangements to recover the full costs of energy and system management.

RESOLVED- That the District Heating – Request for Officer Attendance be noted.

12 Agenda Plan 2024/25

RESOLVED- That the Agenda Plan for 2024/25 be noted.