

Contact Officer: Nicola Sylvester

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 31st January 2025

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, Deputy Chief Executive and Executive Director, Corporate Strategy,
Samantha Lawton, Service Director – Legal, Governance and Commissioning (Monitoring Officer)
Kevin Mulvaney, Service Director, Finance
Leigh Webb, Head of Governance
James Anderson, Head of Accountancy
Martin Dearnley, Head of Risk and Internal Audit
Simon Straker, Audit Manager (Virtual)
Rachel Firth, Finance Manager (Virtual)
Gareth Mills, Grant Thornton
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 6th December 2024 be approved as a correct record.

3 Declaration of Interests

Councillor John Taylor declared an interest in item 8 as Chair of Corporate Governance and Audit,
Cllr Caroline Holt declared an interest in item 8 as a member of the Adoption Panel,
Cllr Angela Sewell declared an interest in item 8 as a member of the Fostering Panel.

4 Admission of the Public

All items were considered in public session.

5 Deputations/Petitions

No Deputations or Petitions were received.

6 Public Question Time

No questions were asked.

7 Dates of Council Meetings - 2025/26 Municipal Year (Reference to Council)

The Committee received a report which set out a schedule of Council meeting dates for the 2025-2026 municipal year.

The Committee raised concerns that there were no planned meetings between February 2025 and July 2025, apart from the meetings solely for consideration of the Budget and the AGM. The Committee requested that officers reviewed the dates for Council meetings and submit to the next committee meeting.

RESOLVED- That the Dates of Council Meetings – 2025-26 Municipal Year report be noted with the request of a report setting out potential dates reflected in the discussion be submitted to the next Committee meeting.

8 Report of the Members' Allowances Independent Review Panel

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

The Members Allowance Independent Review Panel (MAIRP) met on 3rd December 2024 to consider the Members Allowances Scheme for 2025/26 and put forward recommendations in the report. It was noted that the financial implications arising from the recommendations of the MAIRP could be met from within the existing Members Allowances base budget.

RESOLVED-

- 1) That the report of the Members' Allowances Independent Review Panel be noted.
- 2) That the Committee recommends Council approve the recommendations of the Members Allowances Independent Review Panel in the report.

9 Treasury Management Strategy and Investment Strategy 2025/26

The Committee received the Treasury Management Strategy 2025/2026 and associated appendices, in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on treasury management. The report provided information regarding (i) the outlook for interest rates and credit risk, and a recommended investment strategy (ii) the current and estimated future levels of Council borrowing (internal and external) and a recommended borrowing strategy (iii) methodologies adopted for providing for the repayment of debt and a recommended policy for calculating minimum revenue provision (iv) other treasury management matters including the policy on the use of financial derivatives, prudential indicators, the use of consultants and the policy on charging interest to the housing revenue account and (v) recommended an annual investment strategy(Non-Treasury Investment) for the Council in 2025/26.

The Committee was advised that the report and recommendations were to be submitted to Cabinet and Council for approval.

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During discussion, the Committee raised concerns regarding the Minimum Revenue Provision (MRP) policy and calculation and the financial implications. The Committee requested that Cabinet and Council be made aware of their concerns. The Committee also requested that an explanatory paper on MRP including different methodologies be submitted for consideration at a future committee meeting.

RESOLVED-

- 1) That the Treasury Management Strategy 2025/26 incorporating (i) the borrowing strategy, (ii) the investment strategy, (iii) the policy for provision of repayment of debt (Minimum Revenue Provision) (iv) the treasury management prudential indicators and (v) the investment strategy (non-treasury investments) be recommended for consideration by Cabinet and then approval by Council.
- 2) That an explanatory paper on Minimum Revenue Provision including different methodologies be submitted to a future Committee meeting.

10 Annual Governance Statement 2023/24

The Committee received the Annual Governance Statement 2023/24.

The Council must produce an Annual Governance Statement as a compulsory part of its accounts. A draft report was considered in June 2024 and had since been reformatted to show completed items, progress on existing items, and new items more clearly, but with a similar content.

During consideration of this item, the Committee referred to the reporting of Injuries, Diseases and Dangerous occurrences regulations (RIDDOR) and requested that the Annual Health and Safety report submitted to the Committee included key RIDDOR reportable accidents and near misses.

RESOLVED- That the Annual Governance Statement be approved.

11 Audit Findings Report 2023/24

The Committee received the External Audit Findings Report, for year ending 31 March 2024, as submitted by Grant Thornton.

It was reported that Grant Thornton's audit work was completed using a hybrid of on-site and remote work between July and November as planned, and it was noted that the auditors had not identified any adjustments impacting on the Council's usable reserves. Misstatements and audit adjustments were presented in the report.

It was reported that the value for money work was now complete and summarised within the report. The auditors had not identified any statutory recommendations, however their work did identify the existence of three significant weaknesses in the Council's arrangements and were not satisfied that the Council had made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

During consideration of this item, the Committee noted the progress made in completing the accounts and getting them signed off in a timely period, leaving the council in a particularly good position, and thanked officers for their work.

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The Committee also highlighted the concerns of the external auditors on the level of external borrowing, with the recommendation that the Council should set up its own sensitivity analysis. The Committee requested that details of the financial weaknesses be reported to the Committee to be assured of the risk.

RESOLVED– That the Audit Findings Report 2023/24 be noted.

12 Approval of the Council's final accounts for 2023/24

The Committee received a report setting out an update on the final accounts and audit processes for 2023/24 and requested Members of this Committee to approve the Council's Statement of Accounts for 2024/24 including the final version of the Annual Governance Statement. The preparation of the Statement of Accounts is a statutory requirement, and local authorities are now required to have them signed by the section 151 Officer by 31 May and published with an Audit Certificate by 30 September, following the end of the financial year.

It was reported that despite the significant challenges to the Council's finance team dealing with multiple competing demands, the draft accounts were completed and signed by the Council's Service Director - Finance on 28 June 2024. The six-week public inspection period for the draft accounts ran from 28 June 2024 to 9 August 2024. An objection was raised separately by two local electors in the period, which was subsequently formally accepted by the Council's Auditors, Grant Thornton. The audit of the 2023/24 Statement of Accounts was substantially complete and the Council's auditors, Grant Thornton, had issued their Draft Audit Findings Report (ISA 260). The report highlighted that the Council's Annual Governance Statement had been approved earlier by this committee.

RESOLVED –

- 1) That the Statement of Accounts 2023/24 incorporating the Annual Governance Statement be approved.
- 2) That the draft letter of Representation (Appendix C) be approved.
- 3) The Chair of Corporate Governance and Audit Committee be authorised to sign the final versions on behalf of the Committee, upon completion of the audit.

13 Auditor's Annual Report 2023/24

The Committee received the Auditors Annual Report for the year ending 31 March 2024.

The report set out a summary of the work of the Auditor's with specific regard to the current local government landscape, financial sustainability, governance and improving economy, efficiency, and effectiveness of the Council. It was reported that significant weakness had been identified in the 2022-23 report in Financial Sustainability. The Council had taken action but, in the Auditors view the weakness still remained. A key recommendation had been made which had been accepted by management. The report acknowledged that the Council experienced extensive budget pressures in 2023-24 and ended the year with an overspend of £7.3m but delivered all the planned savings of £19.8m. It was noted that a key action was that the Council should take action to return spend on Dedicated Schools Grant back in

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line with the renegotiated Safety Valve management plan with the Department for Education has also been accepted by management.

During discussion of the item, the committee noted that financial sustainability appeared for the third time as a key risk in the report, with a significant recommendation being broadly the same in each report.

RESOLVED- That the Auditor's Annual Report 2023/24 be noted.

14 Agenda Plan

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