

Contact Officer: Nicola Sylvester

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 7th March 2025

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

In attendance: Rachel Spencer-Henshall, Deputy Chief Executive and Executive Director for Public Health and Corporate Resources
Samantha Lawton, Service Director, Legal, Governance and Commissioning
Janet Sharpe, Interim Service Director, Homes and Neighbourhoods
Leigh Webb, Head of Governance
Caroline Myers, Senior Lawyer, Corporate Strategy
Scott Wise, Head of Assets and Development, Homes and Neighbourhood's
Martin Dearnley, Head of Risk (Virtual)
James Anderson, Head of Finance and Accountancy (Virtual)
Gareth Mills, Grant Thornton
Chris Schultz, Grant Thornton

Apologies: Chris Jones (Co-Optee)

1 Membership of the Committee

Apologies were received from Chris Jones (Co-Optee).

2 Minutes of Previous Meeting

3 RESOLVED- That the minutes of the meeting held on 21st February 2025 be approved as a correct record.

3 Declaration of Interests

No Interests were declared.

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 District Heating Update

The Committee received an updated report on District Heating which reflected the findings of the internal audit in June 2024. An internal project group had been formed to create an action plan to address each area of concern and maintain oversight at a senior level. Progress made included:

- Boiler replacement programme across the district heating sites was ongoing,
- Process agreed to obtain monthly metering readings for finance to reconcile against invoices from gas suppliers was ongoing,
- All district heating expenditure and income was now accounted for directly within the Housing Revenue Account,
- A consultant had been commissioned to do a full survey of the heat networks, including an efficiency review of all boiler houses, advising on the new heat regulations and the impact for Kirklees, as well as working to complete the decarbonisation strategy,
- The recalculation of new tariff charges for residents was now complete,
- The Director of Homes and Neighbourhoods signed off Switch2 Extension for a period of 12 months.

During consideration of this item the Committee raised questions around the following:

- The pricing structure for residents who had extensive solar panels installed,
- Timers on boilers to improve efficiencies,
- The energy price cap increases/decreases and how that would impact residents,
- Confirmation that the Housing Revenue Account was not subsidising properties that were not council properties,
- Confirmation that legal obligations had been undertaken regarding subsidising leaseholders in the Housing Revenue Account and the costs being moved out to the General fund account,
- The current position of the Internal Audit actions that were presented to the service,

Janet Sharpe, Interim Service Director advised the Committee that a comprehensive review was required to understand the pricing structure regarding solar panels and to feedback to residents to provide assurance. It was also noted that for energy price cap increases/decreases, prices fluctuated, the service had a duty to demonstrate to residents when increases took place and what the impact would be. If small marginal increase/decreases took place, this would be address in the bill setting for the following year. If it was a dramatic and significant change, an in year change would take place.

Scott Wise, Head of Assets and Development advised that a specialist had been commissioned to do an analysis of costs, and that District Heating remained more efficient than running individual boilers.

RESOLVED-

- 1) That the District Heating report be approved.
- 2) That Officers provide the committee with details on the following:
 - (i) The pricing structure that included extensive solar panels installed,
 - (ii) Confirmation on the legal position regarding the Housing Revenue Account,
 - (iii) Information on how the energy price cap increase/decreases would impact residents,
- 3) That Officers provide a report at a future committee meeting providing full detail of actions against each area identified in the internal audit recommendations.
- 4) That Officers provide a report at a future committee meeting providing full details of the Housing Revenue Account,
- 5) That Officers provide a report at a future committee meeting providing an update on arrangements for management of the operational and financial aspects of the District Heating function.

8 Proposed Revisions to Financial Procedure Rules

The Committee considered a report which set out information on proposed changes to Financial Procedure Rules for the year 2025/26. Various changes included updates to titles and definitions, and detailed arrangements as set out in the appendix and track changed text.

During discussion, the Committee raised concerns over the capital plan potentially being extended to 10 years planning horizon as it was felt that funding could be changed prior to the 10-year period. It was noted that the Chief Finance Officer would recommend to council a Capital Plan for a planning period he considered appropriate, and that the Officer Code of Conduct would be amended to align to the values set out in the Financial Procedure Rules regarding officer gifts and hospitality.

The Committee fed back to officers that ward councillors were not always consulted on Cabinet decision and project changes as they should be. It was noted that Service Directors would be reminded that ward councillors were to be consulted in their draft report as this was part of the final Cabinet report that was taken into consideration.

RESOLVED-That the changes contained within the appendix and track changed document in the proposed revisions to Financial Procedure Rules be approved and recommended to Council.

9 Proposed Revisions to Contract Procedure Rules March 2025

The Committee considered a report providing information on proposed changes to the Contract Procedure Rules due to new procurement legislation effective from 24th February 2025 and to address some inconsistencies in terminology and definitions.

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The Committee noted that a more fundamental review of the Contract Procedure Rules would be undertaken at an appropriate time once all supporting legislation and guidance relating to the Procurement Act 2023 had been published by the Cabinet Office.

During consideration of this item, the Committee raised concerns regarding rule violations and how the Committee could be reassured that rules in place were checked. It was noted that a key piece of work on contract management was being undertaken and taken through the contract assurance board to set out and to be clear with services how they manage contracts, the principles and training required which was taken as an action from the Value for Money Report. It was noted that an example of the life cycle and process of a contract would be included in the contract management report that this Committee receives at a future meeting.

RESOLVED- That the proposed revisions to Contract Procedure rules March 2025 be recommended to Council for approval.

10

Constitution Updates

The Committee considered the Constitution Update report which included appendices of suggested amendments to update and modernise the Constitution. The Committee noted that it was essential that the Constitution was subject to regular review and amended to ensure that it followed any legal requirements place on the Council and was fit for purpose. The Monitoring Officer had set up a Constitution Working Group, comprised of Officers and Members to review the Constitution and to consider proposed amendments.

During consideration of the report, the Committee commented and made recommendations to the updates relating to attendance of the West Yorkshire Mayor at Council, the wording of motions, Gifts to officers, answers to questions at meetings of Council and Corporate Governance and Audit Committee Terms of Reference.

RESOLVED-

- 1) That the Constitution Update Report be approved with the following amends and recommended to Annual Council:
 - (i) That 5 (6) wording of “where practicable” be reworded
 - (ii) That at 14 (6) wording includes the word or
 - (iii) That gifts in appendix E be amended to less than £25
- 2) That 11 (6) be agreed at Annual Council
- 3) That Appendix B be amended as below:
 - (i) Point 5 to add “to assess the progress made by the council in implementing the recommendations made by the External Auditor
 - (ii) Point 7.1 to add “systems for risk management”
 - (iii) Point 9 to reword to include approval of the recommendation of payments
 - (iv) Removal of point 12
 - (v) Point 14 to include making charity and charitable trust decisions required of the council other than whereas corporate trustees those decisions are those of the Cabinet

11 Councillor and Officer Protocol Update

The Committee considered the Councillor and Officer Protocol Update report which was part of the Kirklees Constitution. Following a project to look at the protocol that involved Members and Officers that was facilitated by external consultant Bethan Evans in May 2023, the protocol had been updated. The general feedback on the existing protocol was that it was largely fit for purpose, but there were some areas that could be improved in terms of outlining more clearly, roles, responsibilities and expectations, as well as any areas of complaint and bringing the document up to date as to current practice.

During discussion of this item, the Committee commented on councillors working together for the people they serve and questioned the quick guide to the Distinct Roles regarding influencing recommendation of reports, and Councillors being friends or a relation to Officers. It was noted that Councillors could not change the recommendation of an Officer and that the wording in What Councillors can expect from Officers was to be looked at and reworded.

RESOLVED- That the Councillors and Officers Protocol be recommended to Council with the following amendments:

- (i) That the Distinct Roles of Councillors be amended to advise that Councillors cannot amend Officer recommendations,
- (ii) That What Councillors can expect from Officers be reworded to consider friendships/relationships between Councillors and Officers.

12 Proposal for the Review of Procurement Practices in accordance with the Council Motion resolved on 13 November 2024

The Committee received a report seeking approval for the scope of the review of procurement practices as resolved in the motion at Council on 13 November 2024. The motion requested that the Council committed to conducting a thorough review of its procurement practices to ensure that goods and consumables sourced from companies directly or indirectly involved in the Gaza conflict were not used. The motion also requested that the Council avoided purchases of goods from Israeli companies illegally occupying Palestinian Territories where it was lawful and practical to do so. It was noted that the Committee had an important role in ensuring the adequacy of the review to ensure that it had appropriate oversight and assurance that procurement practice was undertaken in accordance with applicable legislation.

During discussion, the Committee sought confirmation that the procurement practices referred to Israeli companies in occupied Palestinian territories.

RESOLVED- That the Committee agree to oversee the review of procurement practice to address the motion agreed at Cabinet on 13 November 2024.

13 Agenda Plan

The Committee received updated changes to the agenda plan for 2024/25.

RESOLVED- That the updated Agenda Plan be noted.

