

Minutes of a meeting of the Governance and Audit Committee held on Friday 25 September 2015 at City Hall, Bradford

Commenced 1000
 Concluded 1400

PRESENT – Councillors

CONSERVATIVE	LABOUR	THE INDEPENDENTS
Eaton	L Smith	Naylor
	A Thornton	
	Swallow	

Councillor L Smith in the Chair

Councillor Thornton in the Chair for Minutes 23 and 27

20. DISCLOSURES OF INTEREST

- (1) In the interest of transparency all those who lived in Bingley disclosed an interest in Minute 27.
- (2) Councillor Naylor disclosed an interest in Minute 27 as he was a Parish and Town Councillor.
- (3) Councillor Swallow disclosed an interest in Minute 27 as she supported the Portfolio for Neighbourhoods and Community Safety.
- (4) In the interest of transparency all those who were Members or beneficiaries of the West Yorkshire Pension Fund disclosed an interest.

ACTION: Assistant City Solicitor

21. MINUTES

Resolved -

That the minutes of the meeting held on 26 June and 24 July 2015 be signed as a correct record.



22. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

Councillor Thornton in the Chair

23. AUDIT COMPLETION REPORT 2014/15 – WEST YORKSHIRE PENSION FUND

The External Auditor presented the Audit Completion Report for the West Yorkshire Pension Fund (**Document “Q”**) which summarised the findings from the 2014/15 audit.

The External Auditor reported that the review of the West Yorkshire Pension Fund’s accounting policies and procedures concluded that they complied with the material requirements of the Code of Practice on Local Authority Accounting in the UK 2014/15 and there were no matters to report.

It was reported that during the course of the audit no difficulties had been identified and External Audit had full co-operation of management.

The External Auditor highlighted Section 5 of the report which included the misstatements identified during the course of the audit, above the trivial level (£1,383,000) for adjustment and misstatements that had been adjusted by management during the course of the audit.

Resolved -

- (1) **That the Committee considered the unadjusted misstatements schedule (Section 5 of Document “Q”).**
- (2) **That the letter of requested representations (Appendix A to Document “Q”) including the reasons for not amending the unadjusted misstatements be approved.**

ACTION: External Audit

Councillor Smith in the Chair

24. AUDIT COMPLETION REPORT 2014/15 – CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

The External Auditor presented the Audit Completion Report for Bradford Council (**Document “R”**) which summarised the findings from the 2014/15 audit.

The significant findings from the audit and the Internal Control recommendations were highlighted by the External Auditor and were detailed in Section 3 and 4 of Document “R”.

The External Auditor reported that in reviewing the Council’s accounting policies and disclosures and concluded that they complied with the material requirements of the Code of Practice on Local Authority Accounting and there were no matters to report.



It was reported that the Council's approach to implementing CIPFA's guidance on accounting for schools was considered to be reasonable. Management had determined that 11 foundation schools should be recognised on the Council's balance sheet for the first time.

Members were informed that during the course of the audit the External Auditor did not encounter any significant difficulties and had the full co-operation of management.

It was reported that misstatements that had been adjusted by management during the course of the audit above the trivial level (£391,000) for adjustment were detailed in Section 5 of the report. There were no unadjusted misstatements above the trivial level.

Members were informed that External Audit were required to conclude whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The significant risks relevant to the value for money conclusion were detailed in Section 6 of the report and included the management of savings plans and the Better Care Fund.

Resolved -

- (1) That the Committee considered the Audit Completion Report.**
- (2) That the letter of requested representations (Appendix A to Document "R") be approved.**

ACTION: External Audit

25. WEST YORKSHIRE PENSION FUND REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

The Director West Yorkshire Pension Fund submitted **Document "P"** which provided the latest information on the West Yorkshire Pension Fund (WYPF) financial activities and financial performance for the year 2014/15.

Members were informed of the latest West Yorkshire Pension Fund financial activities and financial performance for the year 2014/15; in the financial year WYPF value increased in net asset value by £0.950 billion, from £10.37 billion to £11.32 billion.

It was reported that WYPF's investment activities made a return on asset invested of 11.8%, 1.1% above the benchmark of 10.7%. The average for all local government fund was 13.2%. This placed WYPF in the 73rd percentile for all local government pension funds. The long term performance of WYPF continued to be very good. WYPF was 96% funded based on the last actuarial valuation, this was one of the best funding levels within Local Government Pension Schemes.

Members were informed that based on figures available at the end of August 2015 the total administration cost of £27.80 for pension management was the lowest within local government in England and Wales for 2012/13. The latest report and accounts for



2014/15 indicated WYPF was in a strong position to retain this performance for the 2014/15 financial year when the 2014/15 DCLG (Department for Communities and Local Government) data collection results were published.

Members commended the service for exceeding most of its key performance indicator targets.

Resolved -

The 2014/15 Statement of Accounts be approved and signed by the Chair of the Governance and Audit Committee.

ACTION: Finance Director/Director of West Yorkshire Pension Fund

26. STATEMENT OF ACCOUNTS 2014/15

The 2014-15 Statement of Accounts (SOA) had been externally audited and were now presented to the Committee for approval. The External Auditor (Mazars) has reported their findings in two separate Audit Completion Reports, one for the Council and another for the West Yorkshire Pension Fund. Members considered these before approving the SOA.

The Director of Finance submitted **Document "S"** which provided an overview of the 2014-15 Statement of Accounts and included a response to the Council's Audit Completion Report.

The significant items included in the Statement of Accounts and the summary of the External Auditor's findings in respect of the Statement of Accounts and agreed amendments were highlighted in Section 2 of the report.

The Finance Director reported the short term position of the Council was quite strong but the long term position was uncertain; the key to Council stability was careful management of annual budgets, external borrowing and dealing with the pension deficit.

Members commended the service as it gave them confidence in what had been achieved and felt reassured by the external opinion in relation to the Council's accounts; the Council faced challenges which were being managed as well as they could be.

In response to Members' questions it was reported that the Council's Pension Fund Reserve which showed a liability of £733 million at 31 March 2015 as the largest element of the overall negative net worth. However, the actuarial estimate of this liability was sensitive to any changes. The actuarial estimate of the Council's Pension Fund Reserve for the purpose of the Statement of Account uses a set of assumptions regarded within the pension industry as cautious. For example, an alternative actuarial estimate using different assumptions, known as the three-yearly valuation, and done as at 31 March 2013, estimated a £63m deficit. However, the IAS 19 valuation at the same date, 31 March 2013 showed a deficit of £813 million. It was important to look at the long term figure.



Members thanked the staff for the work undertaken and working effectively with the External Auditors.

Resolved -

The 2014-15 Statement of Accounts be approved and signed by the Chair of the Committee.

ACTION: Finance Director

Councillor Thornton in the Chair

27. COMMUNITY GOVERNANCE REVIEW FOR A NEW LOCAL COUNCIL IN THE BINGLEY AREA

The City Solicitor submitted **Document “T”** which provided feedback from the Community Governance Review for a proposed new Local Council in the Bingley area which was triggered by receipt of a petition from local residents.

It was reported that in order to determine the interest of local people in a new local Council, a consultation was run by Bradford Council which included:

- A letter and fact sheet being sent to all households in the area.
- Email communications were sent to stakeholders in the area (including businesses, community organisations, public agencies).
- Four public drop in sessions were held in June covering each of the villages/towns in the proposed area – two of these were weekday day time sessions, one was an evening, and the fourth was on a Saturday afternoon.
- Promotional leaflets were distributed in public areas.
- Information had been available on the Bradford Council web site including an online survey.
- The opportunity had been given to write to the Council using a freepost address or emailing a managed inbox.

Members commented on a number of issues which included:

- Concerned about the size of the proposed parish and number of local Councillors; a greater number of smaller parishes would serve the area better.
- There were only 770 representations made regarding the Parish Council from an electorate of over 18,000; did this sufficiently represent the views of the local community?
- Were members of the public aware of the limits and powers of Parish Councils and the small size of the budget it would have?
- What if residents did not want to be part of a Parish Council?
- Concerned that Members were asked to make a decision for 18,000 electorates on having to pay more for their Council tax bills; did not feel comfortable about making a decision based on 770 people’s responses of which only 63% were in favour of it.
- How effective are parish councils at electing Parish Councillors; how many of the current Parish Councillors were Co-opted.



- Concerned that the proposed Parish Council would cover too wide an area; it would be the second largest Parish Council in the district; did not want to set anything up to fail.

In response to Members' questions it was reported that:

- There was nothing in the consultation process to suggest that the ward boundaries should be reduced.
- A fact sheet was sent to every household within the area which contained information on what Parish Councils can and cannot do.
- A particular area could be excluded if people did not want to be part of a Parish Council.
- It was a legal duty that the Council had to undertake a Governance Review and to consult on what was in the petition.
- The proposed area had 18,430 local government electors and any petition would need to be signed by at least 1,843 of those electors in order for it to be valid; Bingley Community Council Group collected the required amount of signatures and submitted this as a petition; with the petition verified Bradford Council had a duty to carry out a Community Governance Review.
- The legislation did not require a referendum.

The Chair of the Bingley Community Council Group spoke in support of a new local Council for the Bingley area and thanked officers for the support they had received in dealing with the Community Governance Review and reported that:

- The petition reflected the majority of opinion of local people.
- The petition was signed by 2,000 people which was more than legally required.
- People wanted to sign the petition; people fully understood and were engaged with the process.
- The petitioners stopped collecting signatures after the legal requirement had been met.
- Undertook a lot of research and informal consultation to ascertain this was what people wanted; carried out public meetings; produced literature; spoke to various organisations; people were made clear about boundaries; there was no feedback from people who said they did not want an area to be included.
- Boundaries were based on current Bingley wards; a huge amount of work was undertaken with people on what a Parish Council involved.
- Made precepts known to the public and were absolutely clear on what a Parish Council can and cannot do; It had to be something people wanted.
- The required 10 per cent of the electorate to sign the petition was collected in around two and a half months but more signatures would have been collected if required.



Resolved -

That it be recommended to Council:

- (1) That Members give their support to the establishment of a new Local Council in the Bingley area – as a consequence of meeting the Public Involvement in Health Act 2007, as outlined in point 3.4. of Document “T”.**
- (2) That with no significant opinion for a smaller boundary, it is also recommended that the Local Council follow the boundary as proposed and set out in the community governance review Terms of Reference.**
- (3) That Members give their support to the new Local Council being named Bingley Town Council, as set out in the petition received in January 2015.**
- (4) That Members give their support to the Local Council area being split into wards as outlined at point 3.19 of Document “T”, along with the suggested numbers of local councillors per Local Council ward.**
- (5) That it should be noted that it is a requirement of the 2007 Act that the Council must make available a document setting out the reasons for the decisions it has taken at the conclusion of a community governance review and to publicise those reasons.**

ACTION: City Solicitor

Councillor Smith in the Chair

28. OUTDOOR LEARNING CENTRES – FUTURE GOVERNANCE ARRANGEMENTS

Previous Reference: Minute 78 (2013/14)

The Strategic Director, Children’s Services presented **Document “N”** which reported on the progress being made towards establishing the future governance of Nell Bank, Ingleborough Hall and Buckden House Outdoor Learning Centres.

Members requested that the report be deferred to a future meeting as the report presented did not include the Project Plan.

Resolved -

That the report be deferred to a future meeting which includes the Outdoor Learning Centres Project Plan.

ACTION: Strategic Director, Children’s Services



29. REVIEW OF PROTOCOLS AND THE MEMBERS' CODE OF CONDUCT

Previous Reference: Minute 19 (2015/16)

At its meeting on 21 November 2014 Governance and Audit Committee considered a report on the Use of Council Resources for Election Purposes and resolved:

“That in light of the issues highlighted in the report (Document “X”) the Protocols on Members Use of Council Resources, Member-Officer Relations and the Members Code of Conduct be revisited and submitted to this Committee for consideration.”

The Assistant City Solicitor then submitted a report to the meeting of Governance and Audit Committee on 24 July 2015 and the Committee resolved:

“That a revised report be submitted to the Committee which included information on sanctions available when a Members’ code was breached, protecting staff from bullying and rewording bullet point 4 of paragraph 3.3 to Document “L”.”

In accordance with the above the Assistant City Solicitor submitted **Document “O”** which reported on the information requested by Members.

Members commented on a number of issues which included:

- The protocol on Members use of Council resources needed to be read and signed by new Members.
- How do you decide which Members should attend the political awareness training course?
- Which officers can/cannot remain in political group meetings? Needed clarity on political officers attending group meetings.
- Paragraph 19.2 (Appendix 2 to Document “O”) needed to include the Chief Whip.

Resolved -

- (1) **That it be recommended to Standards Committee that the Protocols on Member-Officer Relations and Member Use of Council Resources be incorporated into the Members’ Code of Conduct.**
- (2) **That the Committee recommend to Council that paragraph 19.2 of the Protocol on Member-Officer Relations be amended so as to read:**

The relevant political group leader and the Chief Executive will seek to resolve by mediation and conciliation any unresolved problem or breakdown in working relationships between members and officers. Where the problem or breakdown relates to the group leader’s own relationships with officers the deputy group leader and the Chief Whip will work with the Chief Executive in place of the group leader.



- (3) That the City Solicitor and Director of Human Resources arrange training for members and officers who work with members on the Protocol on Member-Officer Relations.
- (4) That the Assistant City Solicitor provide further clarity to Members of the Committee on paragraph 4.2 of Appendix 2 to Document "O" in terms of which officers can/cannot remain in political group meetings.

ACTION: Assistant City Solicitor

Chair

These minutes have been produced, wherever possible, on recycled paper.

