

Minutes of a meeting of the Governance and Audit Committee held on Thursday, 1 December 2016 at Committee Room 3 - City Hall, Bradford

Commenced 11.00 am
Concluded 12.40 pm

Present – Councillors

CONSERVATIVE	LABOUR
M Pollard	Thornton Swallow

Apologies: Councillor Jeanette Sunderland

Councillor Johnson in the Chair

20. DISCLOSURES OF INTEREST

In the interest of transparency all those who were Members or beneficiaries of the West Yorkshire Pension Fund disclosed an interest.

Action: City Solicitor

21. MINUTES

That the minutes of the meeting held on 29 September 2016 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.

23. REFERRAL FROM CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

The Corporate Overview and Scrutiny Committee on the 19 October 2016 considered a report on the West Yorkshire Pension Fund Disinvestment from the Fossil Fuel Industry and resolved the following:

That this Committee:



- (1) Notes that West Yorkshire Pension Fund investment decisions are made by the Investment Advisory Panel which includes representatives of all West Yorkshire Districts as well as other interested parties, and not Bradford alone.
- (2) Notes that the Investment Advisory Panel considers the annual report of the Local Authority Pension Fund Forum which includes engagement activities with fossil fuel companies.
- (3) Agrees with the policy of positive engagement set by the Investment Advisory Panel.
- (4) Welcomes the progress achieved towards ensuring that the fossil fuel companies revise their business plans to take account of the COP21 agreement.
- (5) Welcomes continuing investment in green energy technology and production as the industry develops.
- (6) **That the above decisions be referred to the Governance and Audit Committee and Full Council for information.**

Resolved-

That the decisions from Corporate Overview and Scrutiny Committee relating to the West Yorkshire Pension Fund Disinvestment from Fossil Fuel Industry be noted.

24. ADOPTION REGIONALISATION

The Government was committed to adoption services being reorganised under regional arrangements whereby a group of local authorities collaborate to provide services in a newly created Regional Adoption Agency (RAA).

The Deputy Director, Children's Social Care submitted **Document "U"** which informed the Committee about plans for the Adoption function of Bradford Council to be transferred to a new West Yorkshire Regional Adoption Agency hosted by Leeds City Council.

It was reported that the Corporate Parenting Panel considered the report on Regionalisation of Adoption Services at its meeting on 9 November 2016 and felt that one meeting per annum of the Joint Committee was not sufficient and asked the Executive to give consideration to this issue. In response to the West Yorkshire Adoption Joint Committee Rules of Procedure for Meetings had been re-written so that the Joint Committee would meet twice a year with a minimum of 4 times a year.



Members were informed that any saving made from the regionalisation of adoption services would be returned to each Local Authority on a pro rata basis; if it was felt that Bradford was not being treated fairly then the Authority could give 18 months notice and withdraw from the arrangements. It was acknowledged that efficiency savings would be made from the regionalisation of adoption services.

In response to a Members' question it was reported that the Joint Committee would oversee the discharge of the delegated functions, including monitoring of the budget and strategic direction of the service.

It was reported that savings being made would be overseen by the Management Board.

A Member questioned the Councillor representation on the Joint Committee and expected the Chair of the Corporate Parenting Panel to be represented on it.

In response it was reported that the Local Authority could choose its representative and it did not need to be the Lead Member of Children's Services.

Members were informed that the authority's staff would continue to be based in Bradford and there were no posts at the moment being deleted.

It was reported that if service usage patterns changed and there was an increase in adoption figures in Bradford and a decrease in Leeds then the contract could be re-negotiated through the management board.

Members were informed that figures for children placed outside the authority and children placed in this district from other authorities and the net income could be provided to Members.

In response to the Chairs question on transparency and the availability of the minutes of the Adoption Regionalisation meetings, it was reported that the meetings would be held in public.

Resolved-

That it be recommend that the proposal to the Executive to give full agreement to the development and implementation of the Regional Adoption Agency be endorsed.

Action: Deputy Director, Children's Social Care

25. LOCAL GOVERNMENT OMBUDSMAN - REVIEW OF LOCAL GOVERNMENT



COMPLAINTS 2015/16

The Interim Assistant Director of Policy, Programmes and Change submitted **Document “P”** which summarised the number of complaints and investigations undertaken by the Ombudsman for the year ended 31 March 2016 and compares Bradford’s performance against that of other local authorities.

It was reported that the LGO would normally only accept complaints if the complainant had exhausted the Councils own internal complaint process.

In response to a Member’s question in relation to the nature of complaints received it was reported that the service dealt with a wide range of complaints from child protection cases to bins not being emptied.

In response to a Member’s question on how easy it was to make a complaint to the Council it was reported that this was being monitored especially in areas such as Care Homes and children. The complaint information leaflet had been revamped to make it easier; complaint could be made over the telephone; mobile, email etc.

A Member stressed the importance of the authority having robust procedures in place to deal with complaints and learning from them.

Resolved-

That the Committee takes assurance from the result of the Local Government Ombudsman’s Annual Review of Local Government Complaints 2015/16, that the Authorities complaints process is overall satisfactory.

Action: Interim Assistant Director of Policy, Programmes and Change

26. ANNUAL TREASURY MANAGEMENT REPORT 2015/16

This Council was required by regulations issued under the Local Government Act 2003 to produce an Annual Treasury Management review of activities and the actual prudential and treasury indicators for 2015/16.

The Director of Finance submitted **Document “Q”** which reported on the Council’s Treasury Management Activities for the year ending 31 March 2016. The report met the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

It was reported that the Council had repaid £53.6 million of debt which matured



and reduced the debit balance from £384 million to £330.4 million; the Council maintained an average balance of £94.2 million of internally managed funds. The internally managed funds earned an average rate return of 0.62%.

Resolved-

That the report (Document “Q”) be noted and referred to Council for adoption.

Action: Director of Finance

27. TREASURY MANAGEMENT MID YEAR REVIEW UP TO 30 SEPTEMBER 2016

The Council was required to operate a balanced budget, which broadly meant that cash raised during the year would meet cash expenditure. Part of the treasury management operation was to ensure that this cash flow was adequately planned, with cash being available when it was needed. Surplus monies were invested in low risk counterparties, providing adequate liquidity initially before considering investment return.

The Director of Finance submitted **Document “R”** which reported on the Council’s Treasury Management Mid Year Review up to 30 September 2016.

It was reported that the Council’s capital financing requirement (CFR) for 2016/17 was expected to be below the original forecast of £719m, due to slippage in a number of capital schemes. . The CFR denoted the Council’s underlying need to borrow for capital purposes. If the CFR was positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing was generally driven by market conditions. The Council had borrowings of £336m and last year utilised £53m of cash flow funds in lieu of borrowing. This was a prudent and cost effective approach in the current economic climate but would require on going monitoring in the event that upside risk to gilt yields prevails.

It was anticipated that further borrowing be undertaken during this financial year to refinance the loans totally £26m maturing in March 2017.

Members were informed that schools had their own individual bank balances with the four main UK banks. At 31/03/16 their overall bank balances with Lloyds exceeded the Treasury Policy investment limits.

It was reported that in around the next 18 months most of the Primary and Secondary schools were expected to convert to academies (18 had already converted since April). Once converted to academies their bank balances no longer counted towards the Council’s Treasury limits.

The financial markets were being closely monitored in light of Brexit and the



election of Donald Trump.

In response to a Member's question in relation to the capital expenditure and the actual spent it was reported that capital spend was based on an assumption; some larger projects did not complete in accordance with timescales predicted.

It was reported that at the present time the Council used Public Works Loans to borrow as banks were not offering attractive rates yet but the authority had not borrowed for several years; Public Works Loans offered a more competitive rate and offered different rates for different activities.

In response to a Member's question it was reported that information on how PFI would be financed would be circulated to Members

Resolved-

That the changes to the Treasury policy set out in section 2.6.3 of Document "R" be noted and referred to Council for adoption.

Action: Director of Finance

28. THE ANNUAL AUDIT LETTER FOR THE 2015/16 AUDITS OF CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL AND WEST YORKSHIRE PENSION FUND

The External Auditor submitted **Document "S"** which reported on the Annual Audit Letter that summarised the key issues arising from the audits of City of Bradford Metropolitan District Council and West Yorkshire Pension Fund for 2015/16 which had been reported previously to the Committee during the year. The letter confirmed that External Audit gave unqualified audit opinions on the financial statements and the value for money conclusion.

It also summarised the key issues detailed in the Audit Completion Reports which were presented to the Committee on 29 September 2016.

It was reported that External Audit were satisfied that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016 and had issued an unqualified VFM conclusion.

Resolved-

That the Annual Audit Letter was considered.

29. INTERNAL AUDIT PLAN 2016/17 - MONITORING REPORT AS AT 30



SEPTEMBER 2016

The Director of Finance submitted **Document “T”** which brought to the attention of members any significant issues arising from the audit work undertaken to date and to inform them about the progress made up to 30 September 2016, against the Internal Audit Plan, which was approved by the Committee on 15 April 2016.

In response to a Member's question relating to the progress made with the direct payment system since internal audit recommendations were taken on board, it was reported that information would be provided to Members in a future report after a review had been undertaken.

A Member raised concerns on the inappropriate use of the direct payment system particularly relating to vulnerable people and how this needed looking into by Adult and Social Care Services.

Resolved-

That the Committee:

- (1) Takes assurance from the results to date that show that the control environment of the authority is overall satisfactory.**
- (2) Endorse the anticipated coverage and changes of Internal Audit work during the year.**
- (3) Requires Internal Audit to monitor the control environment and continues to assess areas of control weakness and the ability of management to deliver improvements to the control environment when required.**
- (4) Requires Internal Audit to monitor its resourcing levels to ensure that they are sufficient and appropriate to support an effective Internal Audit function.**

Action: Director of Finance

30. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP HELD ON 28 JULY 2016

The Council's Financial Regulations require the minutes of meetings of the WYPF be submitted to this Committee.

In accordance with the above the Director of West Yorkshire Pension Fund submitted **Document “V”** which reported on the minutes of the meeting of the WYPF Pension Board held on 28 July 2016.



Resolved-

That the minutes of the WYPF Pension Board held on 28 July 2016 were considered.

31. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during the consideration of the items relating to minutes of the West Yorkshire Pension Fund Investment Advisory Panel meeting held on 28 July 2016 because the information to be considered is exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972. It is also considered that it is in the public interest to exclude public access to this item.

32. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL MEETING HELD ON 28 JULY 2016

The Council's Financial Regulations require the minutes of meetings of the WYPF be submitted to this Committee.

In accordance with this requirement, the Director of West Yorkshire Pension Fund will submitted **Not for Publication Document "W"** which reported on the minutes of the meeting of the WYPF Investment Advisory Panel held on 28 July 2016.

Resolved –

That the minutes of the West Yorkshire Pension Fund Investment Advisory Panel held on 28 July 2016 were considered.

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the Governance and Audit Committee.

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

