



Agenda for a meeting of the Governance and Audit Committee to be held on Thursday, 28 November 2019 at 10.00 am in Committee Room 3 - City Hall, Bradford

Members of the Committee – Councillors

LABOUR	CONSERVATIVE	LIBERAL DEMOCRAT AND INDEPENDENT GROUP
Johnson (Chair) Thornton Swallow	Pollard	Reid

Alternates:

LABOUR	CONSERVATIVE	LIBERAL DEMOCRAT AND INDEPENDENT GROUP
Godwin M Slater Watson	Ellis	Stubbs

Notes:

- This agenda can be made available in Braille, large print or tape format on request by contacting the Agenda contact shown below.
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- If any further information is required about any item on this agenda, please contact the officer named at the foot of that agenda item.

From:

Parveen Akhtar
City Solicitor
Agenda Contact: Fatima Butt
Phone: 01274 432227
E-Mail: fatima.butt@bradford.gov.uk

To:

A. PROCEDURAL ITEMS

1. ALTERNATE MEMBERS (Standing Order 34)

The City Solicitor will report the names of alternate Members who are attending the meeting in place of appointed Members.

2. DISCLOSURES OF INTEREST

(Members Code of Conduct - Part 4A of the Constitution)

To receive disclosures of interests from members and co-opted members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

Notes:

- (1) Members may remain in the meeting and take part fully in discussion and voting unless the interest is a disclosable pecuniary interest or an interest which the Member feels would call into question their compliance with the wider principles set out in the Code of Conduct. Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.*
- (2) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.*
- (3) Members are also welcome to disclose interests which are not disclosable pecuniary interests but which they consider should be made in the interest of clarity.*
- (4) Officers must disclose interests in accordance with Council Standing Order 44.*

3. MINUTES

Recommended –

That the minutes of the meeting held on 19 September 2019 be signed as a correct record (previously circulated).

(Fatima Butt – 01274 432227)

4. **INSPECTION OF REPORTS AND BACKGROUND PAPERS**

(Access to Information Procedure Rules – Part 3B of the Constitution)

Reports and background papers for agenda items may be inspected by contacting the person shown after each agenda item. Certain reports and background papers may be restricted.

Any request to remove the restriction on a report or background paper should be made to the relevant Strategic Director or Assistant Director whose name is shown on the front page of the report.

If that request is refused, there is a right of appeal to this meeting.

Please contact the officer shown below in advance of the meeting if you wish to appeal.

(Fatima Butt - 01274 432227)

B. BUSINESS ITEMS

5. **MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP HELD ON 25 JULY 2019**

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

In accordance with this requirement, the Director of West Yorkshire Pension Fund will submit **Document "R"** which reports on the minutes of the meeting of the WYPF Joint Advisory Group held on 25 July 2019.

Recommended –

That the minutes of the West Yorkshire Pension Fund Joint Advisory Group held on 25 July 2019 be considered.

(Rodney Barton – 01274 432317)

6. **MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) LOCAL PENSION BOARD MEETING HELD ON 8 OCTOBER 2019**

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

In accordance with this requirement, the Director of West Yorkshire Pension Fund will submit **Document "S"** which reports on the minutes of the meeting of the WYPF Local Pension Board held on 8 October 2019.

Recommended –

That the minutes of the West Yorkshire Pension Fund Local Pension Board held on 8 October 2019 be considered.

(Caroline Blackburn – 01274 434523)

7. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - REVIEW OF LOCAL GOVERNMENT COMPLAINTS 2018/19

The Assistant Director of the Chief Executive's Office will submit **Document "T"** which summarises the number of complaints and investigations undertaken by the Local Government and Social Care Ombudsman for the year ended 31 March 2019 and compares Bradford's performance against that of other local authorities.

Recommended-

That the Committee takes assurance from the result of the Local Government and Social Care Ombudsman's Annual Review of Local Government Complaints 2018/19, that the Authority's complaints process is overall satisfactory.

(Irina Arcas – 01274 435269)

8. INTERNAL AUDIT PLAN 2019/20 - MONITORING REPORT AS AT 30 SEPTEMBER 2019

Previous Reference: Minute 66 (2018/19)

The Director of Finance will submit **Document "U"** which reports on any significant issues arising from the audit work undertaken to date and the progress made up to 30 September 2019 against the Internal Audit Plan, which was approved by the Committee on 18 April 2019. In addition the report includes an update on progress made in implementing the recommendations of the external review of Internal Audit.

Recommended-

That the Committee:

- (1) Takes assurance from the results to date that show that the control environment, risk management and governance processes of the Council is effective.**
- (2) Endorses the anticipated coverage and changes of Internal Audit work during the year.**

- (3) **Require Internal Audit to monitor the control environment, risk management and governance arrangements and continues to assess areas of control weakness and the ability of management to deliver improvements to the control environment when required.**

(Mark St Romaine – 01274 432888)

9. COMMUNITY GOVERNANCE REVIEW FOR A NEW LOCAL COUNCIL IN THE SHIPLEY AREA

Previous Reference: Minute 27 (2019/20)

Members are reminded that this Committee at its meeting held on 19 September 2019 resolved amongst other things that officers be authorised to conduct the Community Governance Review for a proposed new local Council in the Shipley area in accordance with the Local Government and Public Involvement in Health Act 2007 and the statutory guidance which relates to it.

In accordance with the above the City Solicitor will submit **Document “V”** which provides feedback from the Community Governance Review for a proposed new Local Council in the Shipley area which was triggered by receipt of a petition from local residents.

Recommended-

- (1) **That the establishment of a new Local Council in the Shipley area be supported – as a consequence of meeting the tests in the Local Government and Public Involvement in Health Act 2007, as outlined in paragraph 3.4 of Document “V”.**
- (2) **That with no significant opinion against a smaller or larger boundary, the Local Council follow the boundary as proposed and set out in the Community Governance Review Terms of Reference.**
- (3) **That the new Local Council being named Shipley Town Council, as set out in the petition received in May 2019 be supported.**
- (4) **That the Local Council area being split into wards as outlined at paragraph 3.17 of Document “V”, along with the suggested numbers of local councillors per Local Council ward be supported.**

- (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.**

- (6) That final approval for the establishment of a new Local Council in the Shipley area be referred to Council at its meeting on 14 January 2020.**

(Damian Fisher – 01274 437062)



Report of the Director West Yorkshire Pension Fund to the meeting of Governance and Audit Committee to be held on 28 November 2019

R

Subject:

Minutes of West Yorkshire Pension Fund (WYPF) Joint Advisory Group held 25 July 2019

Summary statement:

The Council's Financial Regulations require the minutes of meeting of the WYPF Joint Advisory Group to be submitted to this committee.

Rodney Barton
Director

Portfolio:

Leader of Council & Corporate

Report Contact: Rodney Barton
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Overview & Scrutiny Area:

Corporate

1. SUMMARY

The Council's Financial Regulations require the minutes of meeting of the WYPF Joint Advisory Group to be submitted to this committee.

2. APPENDICES

Minutes of the Joint Advisory Group 25 July 2019.

Minutes of a meeting of the West Yorkshire Pension Fund Joint Advisory Group held on Thursday, 25 July 2019 in the Ernest Saville Room - City Hall, Bradford

Commenced 1.30 pm
Concluded 3.20 pm

Members of the Committee

<p><u>Bradford Members</u> Councillors: Thornton Winnard</p>	<p><u>Calderdale Members</u> Councillors: Baines Lynn Metcalf</p>
<p><u>Kirklees Members</u> Councillors: Ahmed Murgatroyd</p>	<p><u>Leeds Members</u> Councillors: Scopes</p>
<p><u>Wakefield Members</u> Councillors: Graham Shaw Speight</p>	<p><u>Trades Union Members</u> A Goring (UNISON)</p>

Apologies: Councillor Peter Harrand, Councillor Gulfam Asif, Liz Bailey, Mr Tristan Chard, Wendy Robinson and Councillor Taj Salam

1. APPOINTMENT OF CHAIR (Standing Order 35)

Resolved –

That Councillor Thornton be appointed Chair of the West Yorkshire Pension Fund Joint Advisory Group for the municipal year 2019/2020.

Action: City Solicitor

2. APPOINTMENT OF DEPUTY CHAIR (Standing Order 35)

Resolved –

That Councillor Winnard be appointed Deputy Chair of the West Yorkshire Pension Fund Joint Advisory Group for the municipal year 2019/2020.

Action: City Solicitor

3. **DISCLOSURES OF INTEREST**

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all relevant business under consideration.

Action: City Solicitor

4. **MINUTES**

Resolved –

That the minutes of the meeting held on 31 January 2019 be signed as a correct record.

5. **INSPECTION OF REPORTS AND BACKGROUND PAPERS**

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

6. **WEST YORKSHIRE PENSION FUND'S RISK MANAGEMENT REPORT**

The Director, West Yorkshire Pension Fund, presented a report, (**Document "A"**), which presented West Yorkshire Pension Fund's latest risk management report.

The background to Document "A" revealed that 45 risks were associated with the operation of the WYPF under the headings of Economic, Political, Technological, Legislative/Regulatory, Managerial/Professional, Finance, Physical, Competitive, Customer/Citizen, Social and Partnership/Contractual.

The WYPF Departmental Risk Management and Opportunities report, appended to Document "A", outlined the categorisation of those risks; the 23 most important risks requiring scrutiny; the future review and revision of risks and the full list of identified active risks. Included in the report were details of the required management action/control needed to address each of the 23 most important risks identified. Members were assured that risk, in overall terms, were regularly monitored to ensure the report was up to date and relevant in identifying risks in respect of both the current and future operational practices of the WYPF.

Members recognised the impact that the level of dedication and expertise of staff had on the excellent performance of the fund and acknowledged the importance of staff satisfaction.

Assurances were provided that staff turnover was under 5% last year with a high percentage of officers having over 20 years service with the fund.

It was explained that a summary of staffing issues could be included in future reports and it was suggested that the Pensions Administration report would be the most appropriate method to communicate that information.

A Member returning to the Joint Advisory Group welcomed seeing familiar officers and faces but requested that succession planning also be included in future reports on the workforce.

Resolved –

1. That the report be noted.
2. That the Director, West Yorkshire Pension Fund, be requested to include details of staff recruitment, retention, absence figures and succession planning in future Pension Administration reports.

ACTION: *Director, West Yorkshire Pension Fund*

7. PENSIONS ADMINISTRATION

The report of the Director, West Yorkshire Pension Fund, (**Document “B”**) provided an update on West Yorkshire Pension Fund’s pensions administration activities over the last six months.

The report revealed the variety of work undertaken. Performance against key areas of work for the period 1 January to 30 June 2019 was provided. It was explained that there were only two key performance indicators (KPIs) which had not been met or exceeded. The rationale for those KPIs not being met was that monthly postings could be delayed because of the level of information which had to be queried and that delays did occur as the death of deferred members were not communicated to the fund.

A graph of current work in progress showed the volume of work in progress and a breakdown of the different funds and schemes. The results of customer feedback and employer feedback were appended to the report.

Amendments to the Annual Benefit Statements were explained and included additional options available for members. The changes had been made to provide as much information as possible to members before they retired. It was confirmed that member enquiries had subsequently reduced.

The procedure for issuing Deferred Benefit Statements was discussed and it was explained that it was expected that a surge of requests for early payment would be received as deferred members could now have benefits paid from age 55, with reductions.

The recently attained accreditation to ISO27001 Information Security Management System was reported together with details of two awards, Best Administration Award, presented by Pensions Age magazine and Pension Administration Award received at the European Pension Awards.

Resolved –

1. That the report be noted.

2. That officers be congratulated for their excellent performance and the attainment of awards from the Pensions Age Magazine and the European Pension Awards.

ACTION: *Director, West Yorkshire Pension Fund*

8. **AUDIT COMPLETION REPORT**

The Director, West Yorkshire Pension Fund (WYPF), submitted the Audit Completion Report (ACR) which set out the findings from the audit of the West Yorkshire Pension Fund for the year ended 31 March 2019 (**Document “E”**).

The ACR set out the findings from the audit of the WYPF for the year ended 31 March 2019 and would form the basis for discussion at the Governance & Audit Committee on 31 July 2019. Document “E” confirmed that the audit had been completed in accordance with the International Standards of Auditing (UK and Ireland) issued by the Audit Practices Board.

A representative from the external auditors, Mazars, summarised the report and concluded that it had been a good audit and closing procedures were being completed. It was reported that two risks had been identified:-

- Management Override of Controls
- Valuation of unquoted investments for which a market price was not readily available.

It was explained that the risks of managers overriding controls would be found on all audits. Work on those two risk factors had been conducted; assurances had been gained and no material issues had been highlighted.

An information technology (IT) issue which had arisen had now been addressed through internal controls.

The summary of misstatements revealed that there were two misstatements which management had assessed not to be material and not adjusted for in the accounts. The rationales for these were reported and it was confirmed there was nothing significant to be disclosed.

Resolved –

That the Audit Completion Report, Appended to Document “E”, be noted.

ACTION: *Director, West Yorkshire Pension Fund*

9. **WEST YORKSHIRE PENSION FUND (WYPF) ADMINISTRATION OUTTURN REPORT 31 MARCH 2019**

The report of the Director, West Yorkshire Pension Fund, (**Document “C”**) summarised the total costs of administering pensions and investments in 2018/2019.

The report revealed that the cost of Local Government Pension Scheme (LGPS) pension administration and investment management was disclosed in the accounts over three main headings:-

- Pensions Administration – the cost of managing members and pensioners.
- Investment Management – costs directly related to managing each investment asset and internal investment management costs.
- Oversight and Governance- cost of statutory compliance, legal, auditors, actuary, investment advisers, investment accounting systems, pension committees (Local Board, Investment Panel and Joint Advisory Group).

The total WYPF cost for 2018/19 was £10.0m as opposed to £10.4m in 2017/18.

The report included total management costs for 2018/19 and it was reported that an underspend of £1.6m was mainly due to the delayed conclusion of WYPF restructure and staffing vacancies. Other issues reported included an overspend on accommodation due to mechanical repairs to the cooling system at Aldermanbury House and an overspend on actuarial services due to increased covenant work and general technical work to improve actuarial services for WYPF and fund employers.

A Member questioned the outturn against the revised budget for actuarial costs and it was explained that there was ordinarily a budget of £300k for those costs. Earlier in the year it was known that work was not required and the budget was reduced. Later on in the year regulations had required additional work to be undertaken on the information provided to employers. Rather than wait until the year end, and to ensure that stringent deadlines could be met, additional work had been commissioned. The ability to conduct that work internally was queried and it was explained that the verification and independence required meant that this could not be carried out “in house”. It was confirmed that had the work been delayed until the end of the year the cost would have been greater.

Resolved –

- 1. That the report be noted.**
- 2. That officers be congratulated for their excellent value for money performance and the success of the shared service partnerships.**

ACTION: Director, West Yorkshire Pension Fund

10. WEST YORKSHIRE PENSION FUND UNAUDITED REPORT AND ACCOUNTS FOR 31 MARCH 2019

The report of the Director, West Yorkshire Pension Fund, (**Document “D”**) presents the WYPF unaudited Report and Accounts for the year ending 31 March 2019.

The unaudited Report and Accounts provided a summary of West Yorkshire Pension Fund’s financial position. The accounts had been prepared in accordance with:

- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19
- CIPFA Guidance on Accounting for Local Government Pension Scheme Management Costs.
- Pensions Statement of Recommended Practice 2007.
- International Financial Reporting Standards (FRS) as amended for the UK public sector.

It was explained that the report still required some slight formatting but that the technical work had been completed.

The report revealed that during the 2018/19 financial year a large scale bulk transfer of asset for the First Bus West Yorkshire of £492.1m against an estimate of £450m in the 2017/18 had been undertaken. The increase was due to favourable investment performance.

Members were advised that the actuarial valuation at 31 March 2016 had determined that the funding level was 94% one of the highest funds with in the LGPS. The latest update provided by Aon gave a funding level of 108%. The improvement was due to strong financial markets since the 2016 valuation. As this was merely an updated funding level it would not provide any cash flow benefit to employers. As 2019 was a valuation year work is on going with Aon to provide the latest funding result for WYPF.

The report would be considered by the Governance and Audit Committee at the meeting on 31 July 2019 and the final version would be considered at the next Joint Advisory Group meeting in January 2020.

Resolved –

That the unaudited report and accounts for 2018/19 noted.

ACTION: Director, West Yorkshire Pension Fund

11. NORTHERN (LGPS)

The report of the Director, West Yorkshire Pension Fund, (**Document “F”**), advised members that, in accordance with the guidance from Government, West Yorkshire Pension Fund (WYPF) together with Greater Manchester and Merseyside were working towards the creation of an investment Pool, Northern LGPS (NLGPS).

The report set out the progress in establishing the Northern LGPS (formerly the Northern Pool), covering:-

- Drafting the Northern LGPS Operating Agreement, including the Terms of Reference for the Joint Committee
- Procuring a joint custodian for all the assets of NLGPS
- Developing the GLIL Infrastructure vehicle (including FCA regulation to facilitate it becoming the national LGPS vehicle for infrastructure investment)
- Developing a joint private equity vehicle.

Members were advised that between the January and March meetings the decision had been taken to change the name to Northern LGPS which identified the pool more clearly with the LGPS and avoided confusion which may have arisen from use of pool in the name.

It was also explained that, at the Shadow Joint Committee meeting on 28 March, Councillor Doughty (Merseyside Pension Fund) had resigned as Chair as he was not standing for office in the forthcoming election. Councillor Ged Cooney (Greater Manchester Pension Fund) had subsequently been elected Chair.

The latest report on performance and cost was provided and demonstrated that NLGPS was low cost compared to its peers.

The four criteria which asset pools were required to achieve were reported. Those were achieving benefits of scale; delivering strong governance and decision making; achieving reduced costs and providing excellent value for money and an improved capacity to invest in infrastructure. It was confirmed that the Northern LGPS had a clear plan to deliver on those criteria.

Document "F" reported that the Ministry of Housing, Communities and Local Government (MHCLG) had begun an informal consultation on statutory guidance on pooling. The guidance differed considerably from the current guidance and if implemented removed the criteria set in 2015 and in particular the requirement to deliver improved value for money and lower costs. The NLGPS had submitted a response to the consultation making it clear that while it fully supported the criteria set in 2015 many aspects of the revised guidance were at odds with elected Members duties to local council tax payers and would not achieve the policy objectives of asset pooling. The key concerns raised in the report were provided.

As the issues raised were so wide and far reaching the opinion of Jason Coppel QC had been sought. The response to the MHCLG; the covering letter to QC Opinion and QC Opinion were appended to the report.

In response to questions it was explained that there could be a situation where costs incurred to fix another fund's portfolio would be charged to the NLGPS. All funds in a pool could be made to share the costs of others.

Members raised concerns that their fiduciary duty to members of the WYPF could be compromised if they were forced to subsidise other funds.

Resolved –

That the progress to date, and the response to the Ministry of Housing, Communities and Local Government on the limited informal consultation in respect of revised statutory guidance on investment pooling , be noted.

ACTION: Director, West Yorkshire Pension Fund

12. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

The report of the Director, West Yorkshire Pension Fund (**Document “G”**) provided an update on changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters.

The response to the consultation on Fair Deal – Strengthening pension protection was appended to Document “G” and it was explained that there had been no subsequent changes to regulations.

In response to consultation on Revised Late Retirement Factors members were advised that the changes went ahead despite objections. Revised guidance had been issued by MHCLG on 1 July 2019 and would come into force in September 2019. The WYPF response to that consultation was appended to Document “G”.

A response to consultation on the valuation cycle and the management of employer risk was discussed. Members were advised that a response was being prepared and would be reported at the next meeting.

McCloud and valuation guidance was discussed and it was explained that on 21 December 2018 the Court of Appeal held that transitional protections that protected older judges and fire fighters from the public sector pension scheme changes in 2015 were unlawfully discriminatory. The case was known as the ‘McCloud case’. The Government intended to appeal that judgement as unlawful but had not been given leave to appeal. Members questioned the impact that the McCloud case would have and were advised that it was not known, at the current time, what effect the judgement would have on the LGPS. Guidance from the National Scheme Advisory Board was expected.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

13. REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTION PROVIDERS

Members were advised that West Yorkshire Pension Fund had three Additional Voluntary Contribution Providers namely:

- Equitable Life Assurance Society
- Scottish Widows
- Prudential

Annually the West Yorkshire Pension Fund asked Aon’s AVC Team to review the performance of the Additional Voluntary Contribution Providers in terms of investment performance, financial strength, investment capabilities, charging structure and administration. The report of the Director, West Yorkshire Pension Fund (**Document “H”**) outlined the findings of that review.

In addition the actuary had been asked to provide advice on designating a default arrangement and had advised that the Prudential passive lifestyle option would be the most appropriate default AVC.

Resolved –

- 1. That the removal of the Invesco High Income Fund and Standard Life Investments Global Absolute Return Strategies from the Scottish Widows approved funds be approved.**
- 2. That the Prudential passive lifestyle option be approved as the default AVC arrangement.**

ACTION: Director, West Yorkshire Pension Fund

14. ACTUARIAL VALUATION

The report of the Director, West Yorkshire Pension Fund (WYPF), (**Document “I”**) advised Members that the next triennial Actuarial valuation of the West Yorkshire Pension Fund would be prepared based on the situation at 31 March 2019 and would determine the level of employers’ contributions from April 2020 onwards.

Progress on the valuation was described in Document “I”. Members were advised that everything was going as planned and a further report would be presented to the next meeting.

A Member questioned the mortality figures used in the valuation and it was explained that scheme data, as opposed to national data, was utilised. A Member reported his personal experience of the calculations under discussion and explained that the fund data would be categorised by postcodes to take account for the socio economic groups of fund members.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

15. FUNDING STRATEGY STATEMENT (FSS)

The report of the Director, West Yorkshire Pension Fund, presented a report, (**Document “J”**) which advised Members that the current Funding Strategy Statement required updating for two reasons.

The first effected how the funding target (liabilities) would be calculated for employers subject to what was referred to as the scheduled and subsumption body funding target. The funding target applied to all long-term employers such as the councils; police and fire; academies and any admission bodies whose liabilities would fall back to one of those bodies should the admission body cease to participate in the Fund.

The second effected how the liabilities would be calculated for employers exiting the West Yorkshire Pension Fund.

A Member queried the proposed changes to 5.5.1 regarding solvency targets in the Draft Funding Strategy Statement appended to Document “J”. In response it was explained that clarification on that point would be obtained from the Fund’s Actuary and further details would be provided to members. Members were advised that a further consultation on the Funding Strategy would be undertaken later in the year once the Actuary had carried out the initial results of the actuarial valuation as at 31 March 2019 and the Joint Advisory Group had agreed its approach to setting employer contributions. If, at that point, members required a change to 5.5.1 amendments could be made.

Resolved –

- 1. That the proposed increase of the probability of funding success to 75%; the proposed 1% increase to be added to liabilities on exit to take into account the potential increase in liabilities for both McCloud and GMP equalisation and the resulting changes to the Funding Strategy Statement be approved.**
- 2. That the postponement of the employer consultation exercise, agreed in January 2019 in relation to updates to LGPS Regulation 64 pending the outcome of the national consultation and potential changes to the regulations, be noted.**

ACTION: Director, West Yorkshire Pension Fund

16. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented a report (**Document “K”**) which informed Members that, in accordance with the Public Service Pensions Act 2013, all Public Service Pension Schemes now came under the remit of the Pensions Regulator.

Section 70 of the Pensions Act 2004 (the Act) imposed a requirement to report a matter to the Pensions Regulator as soon as it was reasonably practicable where that person had reason to believe that:

- (a) A legal duty relating to the administration of the scheme had not been or was not being complied with, and
- (b) The failure to comply was likely to be of material significance to the Pensions Regulator in the exercise of any of its functions.

A register of any breaches of the Pensions Code of Practice was maintained in accordance with the WYPF Breaches Procedure. The Register of Breaches 2018/19 and 2019/20 were appended to Document “K”. Those documents revealed that that since April 2019 there had been only one late payment. In September 2018 one employer had been reported to the Pensions Regulator for late payments. That employer had now ceased all contracts where employees were entitled to be in the fund and outstanding payments had been received.

Resolved –

That the entries and actions taken on the Register of Breaches be noted.

ACTION: Director, West Yorkshire Pension Fund

17. TRAINING, CONFERENCE AND SEMINARS

Members were reminded that training to understand their responsibilities and the issues they would be dealing with was a very high priority.

The report of the Director, West Yorkshire Pension Fund, (**Document “L”**) informed Members of training courses, conferences and seminars which may be of assistance. Full details about each event were available at the meeting.

Members were requested to give consideration to attending the training courses, conferences and seminars set out in Document “L”.

Attention was particularly drawn to the LGPS Fundamentals Training taking place in Leeds over three separate days in October, November and December 2019.

No resolution was passed on this item.

18. ANNUAL MEETINGS

The Director, West Yorkshire Pension Fund, (WYPF) presented a report (**Document “M”**) which advised Members that West Yorkshire Pension Fund would be holding two Annual Meetings in 2019. One meeting would be for Employers and the other would be for Scheme Members.

The Director, WYPF, looked forward to welcoming Members to those meetings.

Resolved –

That the details of the West Yorkshire Pension fund Annual Meetings, as set out in Document “M” be noted.

ACTION: Director, West Yorkshire Pension Fund

19. PENSIONS ADMINISTRATION STRATEGY 2019/20

The Director, West Yorkshire Pension Fund, presented a report, (**Document “N”**) which advised Members that, to comply with the Local Government Pension Fund Scheme (LGPS) Regulations 2013, West Yorkshire Pension Fund (WYPF) prepared a written statement of the authority’s policies in relation to such matters as it considered appropriate in relation to procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF were expected to achieve.

It was explained that the Pensions Administration Strategy was brought before JAG each year to review and approve, particularly if there were any new regulations and revisions to working practices.

Members were advised that the Pensions Administration Strategy had been updated to reflect the current Fund performance levels and remove the charge made to members requesting more than one estimate of their retirement benefits in any one year.

It was believed that improvements to the member portal and additional information contained in Member Benefit Statements would reduce the request for pension estimates currently being received.

Resolved –

That the Pension Administration Strategy, contained in Document “N”, be approved.

ACTION: Director, West Yorkshire Pension Fund

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the West Yorkshire Pension Fund Joint Advisory Group.

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



Report of the Director West Yorkshire Pension Fund to the meeting of Governance and Audit Committee to be held on 28 November 2019

S

Subject:

Minutes of West Yorkshire Pension Fund (WYPF) Local Pension Board meeting held 8 October 2019

Summary statement:

The role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the LGPS.

City of Bradford Metropolitan District Council (the Council), as Scheme Manager, as defined under section 4 of the Public Service Pensions Act 2013, has delegated legal and strategic responsibility for West Yorkshire Pension Fund (WYPF) to the Governance and Audit Committee.

The minutes of the WYPF Pension Board meeting are to be submitted to this committee.

Rodney Barton
Director

Portfolio:

Leader of Council & Corporate

Report Contact: Caroline Blackburn
Phone: (01274) 434523
E-mail: caroline.blackburn@bradford.gov.uk

Overview & Scrutiny Area:

Corporate

1. SUMMARY

The Council's Financial Regulations require the minutes of meeting of WYPF Local Pension Board to be submitted to this committee.

2. APPENDIX

Minutes of WYPF Local Pension Board 8 October 2019.

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 8 October 2019 at 10.00 am at Aldermanbury House, Godwin Street, Bradford

Commenced 10.00 am
Concluded 12.20 pm

Present –

Employer Representatives	Member Representatives
Councillor S Lal (Chair) – Bradford	Mr G Nesbitt – GMB
Councillor M Johnson – Wakefield	Mr M Binks – Unison
Ms R Manning - Employer	Mr C Sykes – Unison

Councillor Lal in the Chair

Apologies: Councillor D Jenkins (Leeds), Mr M Morris (Unite)

9. DISCLOSURES OF INTEREST

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all relevant business under consideration.

Action: City Solicitor

10. MINUTES

Resolved –

That the minutes of the meeting held on 13 August 2019 be signed as a correct record.

11. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

12. MINUTES OF THE WEST YORKSHIRE PENSION FUND JOINT ADVISORY GROUP (JAG) 25 JULY 2019

The report of the Director, West Yorkshire Pension Fund, (**Document “F”**) reminded Members that the role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 was to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

The Minutes of meeting of WYPF Joint Advisory Group were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

The Director, West Yorkshire Pension Fund, reminded Members that there had been little progress on the Northern LGPS (NLGPs) as Government business had been dominated by the Brexit process. It was confirmed, however, that the NLGPs continued to work well whilst making efficiencies and improving returns on unlisted investments.

Resolved –

That the minutes of the WYPF JAG meeting held on 25 July 2019 be noted.

ACTION: Director, West Yorkshire Pension Fund

13. WEST YORKSHIRE PENSION FUND AUDITED REPORT AND ACCOUNTS FOR 31 MARCH 2019

The report of the Director, West Yorkshire Pension Fund, (**Document “G”**) presented the WYPF audited Report and Accounts for the year ending 31 March 2019.

The audited Report and Accounts provided a summary of West Yorkshire Pension Fund’s financial position. The accounts had been prepared in accordance with:

- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19
- CIPFA Guidance on Accounting for Local Government Pension Scheme Management Costs.
- Pensions Statement of Recommended Practice 2007.
- International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The report revealed a net increase of £796.41m (5.8%) from March 2018. Asset values for the previous nine years were included in Document “G”. A Member questioned if the value of assets might reduce in 2019/20 and he was advised

that it was not possible to predict future markets on past performance. The Director, WYPF, explained that the figures provided a snap shot of performance over the previous 10 years. It was important to monitor the trend over that time; the value of assets was rising steadily and cash flow was positive. The employer contributions would be set based on the perception of future markets.

A Member questioned how much additional contribution rates could be expected of employers and questioned if increases in contribution rates would be reasonable considering the current situation. In response it was explained that following the 2016 valuation the fund was one of the most optimistic. The Actuary had been concerned that the Government inspection might criticise that optimism but it had not. The objective was to keep the funding level between 100 & 90% and keep contribution levels consistent. When employer contributions were recalculated the aim would never to be above 100% or below 90% funded. The calculations were CPI related and not as predictable as might be thought. The affect the Brexit proposals could have were discussed.

The recovery of Academy debts was questioned and it was explained that invoices were being sent to the Department of Education shortly and that the debt was the responsibility of that department. Discussions were being held with the actuary and debts would be pursued through legal challenge if required.

The potential difficulties for lower paid members to purchase additional contributions were queried and Members were reassured that calculations did take account of the level of pay. Members earning £20,000 would make a 5% contribution and those earning £30,000 would pay 6-7% for the same benefits. The option for all members to purchase Additional Voluntary Contributions (AVC) was discussed and the opportunity to pay 50/50 contributions was explained. A Member who had been unable to attend the meeting had submitted written questions including concern about the rise in printing and posting costs and the following response was provided:-

- An increase in printing and postage costs reflected in the management expenses forecast and outturn report was due to a large increase in partners. The budget for communication had been reduced due to efforts to promote paperless communication. The fund had invested in the “My Pension” website to be launched shortly which would improve digital communication and efforts were being pursued to issue digitally the Annual Benefit Statements to members. It was agreed that the option to receive meeting papers digitally be available to Pension Board members. The ability for members to produce their own estimates via the My Pension website was being pursued, however the ability to provide estimates on line were limited because of the necessity for these to be sent to secure email accounts.

Members agreed that the report revealed a successful year and officers were thanked for their hard work.

Resolved –

That the audited report and accounts for 2018/19 be noted.

ACTION: Director, West Yorkshire Pension Fund

14. FIVE YEAR INTERNAL AUDIT PLAN FOR 2019/20 TO 2023/24

The report of the Director, West Yorkshire Pension Fund (**Document “H”**) presented the latest five year internal audit plan for West Yorkshire Pension Fund (WYPF). The plan was reviewed annually between WYPF finance team and CBMDC internal audit by carrying out a detailed assessment of WYPF business risks, pensions and investment regulatory compliance environments, and service developments.

The report revealed that during 2018/19 the fund had increased resources to allow Internal Audit to increase the number of staff working on service reviews which had translated into increased internal audit service quality and reviews for WYPF. There was now a monthly meeting with the Internal Audit Manager. To increase in depth service awareness and engagement with WYPF it was explained that the Internal audit Manager also attended Investment Advisory Panel, Joint Advisory Group and the Local Pension Board and was present at the meeting to talk to the report under consideration.

All internal audit recommendations in 2018/19 were delivered within agreed timescales. In addition to the five year plan a detailed resource plan for the financial year 2018/19 was also produced allowing CBMDC internal audit and WYPF service managers to deliver all internal audit reviews planned in the year. To conclude the audit each year the fund reviewed internal audit recommendations, which provided key governance information on risk management and control.

Key information provided in Document “H” included a five year internal audit plan 2019/20 – 2023/24 and the list of internal audits completed during 2018/19.

Members questioned the external audit procedure and queried how long the current provision had been in place. In response it was explained that Bradford Council was the scheme manager and that the fund must utilise their external audit provision. Bradford Council did have processes to review and rotate auditors. Following a mini review of the provision in 2013 it had been decided that arrangements in place at that time be retained. Assurances were provided that partners from external auditors were rotated each year. Members accepted that the fund was bound by the regulatory requirements of Bradford Council and it was agreed that information on those obligations be reported at the next meeting.

Members acknowledged that it was not the role of external auditors to look for incidents of fraud and questioned if there was an overarching programme for that purpose. The Director provided assurances that external auditors would be criticised for failing to spot any issues of material fraud and that this was also an import element of the internal audit role.

It was agreed that the management reports from internal audit could be circulated to Members for information and be discussed at subsequent meetings.

Audit arrangements for the NLGPS were questioned and the Internal Audit Manager reported that collaborative arrangements were being discussed. The Director WYPF explained that GLIL and NPEP had their own external audit requirements and procedures.

The production of a comprehensive report was welcomed and officers thanked for their hard work.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

15. WEST YORKSHIRE PENSION FUND PENSIONS ADMINISTRATION REPORT

The report of the Director, West Yorkshire Pension Fund, (**Document “I”**) provided an update on West Yorkshire Pension Fund’s pensions administration activities.

Document I revealed performance against key areas of work for the period 1 April 2019 to 31 August 2019 and that performance had been met or exceeded in the majority of areas. It was explained that the target for pension estimates had been affected by the high level of requests. As requests for estimates were made well in advance of retirement more immediate demands had been the focus of attention.

The difficulty caused by members not advising the fund of changes to their personal details continued to be a challenge when producing death on deferred information. It was hoped that the introduction of the “My Pension” portal would help members to keep their details updated.

The total volume of work in progress, categorized into work groups, was revealed in the report and it was explained that work volumes did fluctuate..

Some of the larger volumes of work covered:

- Current Members – changes to member records, changes to AVC’s, queries from monthly postings
- Early Leavers – calculation of refunds, calculation of deferred benefits, contribution postings queries
- Linkings – multiple employments where members could link those employments
- Retirements - Retirement quotes and actuals, deferred benefits into payment (quote and actual)
- Transfers – Transfers in and out (quote and actual), AVC transfers, Divorce

Membership of all schemes administered by WYPF was reported as 422,177 and a full breakdown between the different Funds and Schemes was appended to the report.

As part of the fund's commitment to improving services random surveys of customers who had contacted the fund were undertaken and the results of those surveys were also appended to the report.

Appendices also reported feedback from employer training sessions conducted between January to March 2019.

Internal dispute resolution procedures were discussed and the determination of two Pensions Ombudsman cases reported.

A staffing update included in the report revealed sickness absence at the fund compared favourably with that of Bradford Council. Recruitment and retention was good and a detailed breakdown of the experience of staff was provided. Staff qualifications were discussed and it was confirmed that staff surveys were conducted by Bradford Council.

Assurances were provided that fund employees were encouraged to progress and incentive schemes to encourage them to pursue additional qualifications were in place.

The utilisation of apprentice schemes was questioned and it was confirmed that the apprentice programme was actively supported. Apprenticeships in the IT department were discussed and it was confirmed that the suitability of all vacancies arising were considered to ascertain if they would be suitable for an apprentice opportunity. All apprentices recruited to the fund would receive pension specific training.

Appraisal schemes were questioned and whilst there was no specific information contained in the report Members were assured that regular appraisals were conducted and details could be provided in a future report. Staff progression through pay grades was dependant on regular assessment and evaluation.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

16. FEEDBACK FROM 2019 ANNUAL BENEFIT STATEMENT EXERCISE

The report of the Director, West Yorkshire Pension Fund (**Document “J”**) explained that on 14 May 2017 an amendment to the regulations was issued allowing deferred members to take reduced benefits from age 55. Roughly 56,500 members were aged over 55 in December 2018 which accounted for about a quarter of all members. In response to concern that the fund would not be able to maintain its high standard of service delivery with the ever increasing requests for estimates, it was decided to work towards providing figures at different ages for members on their ABS. The information provided on Annual

Benefit Statement (ABS) was amended to include figures for retirement from age 55, 60, 65 and state pension age.

The report explained that officers in the Service Centre team provided all the immediate pension calculations and services to current, deferred and retired members. Changes had previously been made to how those staff members worked and dealt with the different areas of pension work. The work was functionalised into teams and resources allocated according to demand. As surges in any type of work were experienced work was rotated to meet that demand. That system was utilised to ensure that demand resulting from regulation changes and from members had been managed. Statistics to reflect changes in work patterns were contained in Document J.

It was also explained that a senior officer had been recruited in March 2019 to provide more calculations from the pension management system which could be incorporated on current and deferred members ABS's.

In response to questions about the response to the new arrangements it was reported that feedback from the Pension Liaison Group and members had been favourable.

Following discussions about investment in information technology it was confirmed that IT was crucial to the provision of member information. Whilst the information would be basic the implementation of the "My Place" portal would allow members to calculate their own estimates.

Resolved –

- 1. That the work undertaken to implement improvements to the ABS's for scheme members in order to provide more details of retirement figures be noted.**
- 2. That the range of benefit calculations provided in one statement enables members to be better financially informed about retirement options be noted.**
- 3. That the improvements and increases in work production following the application of functionalised working methods in the Service Centre be noted.**

ACTION: Director, West Yorkshire Pension Fund

17. LOCAL GOVERNMENT PENSION SCHEME REGULATION UPDATES

The report of the Director, West Yorkshire Pension Fund (**Document "K"**) updated the Local Pension Board on changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters.

Members acknowledged that the affect of the Brexit proposals had resulted in little movement on those regulations and matters.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

18. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented a report (**Document “L”**) which informed Members that, in accordance with the Public Service Pensions Act 2013, from April 2015 all Public Service Pension Schemes came under the remit of the Pensions Regulator.

Section 70 of the Pensions Act 2004 (the Act) imposed a requirement to report a matter to the Pensions Regulator as soon as it was reasonably practicable where that person had reason to believe that:

- (a) A legal duty relating to the administration of the scheme had not been or was not being complied with, and
- (b) The failure to comply was likely to be of material significance to the Pensions Regulator in the exercise of any of its functions.

A register of any breaches of the Pensions Code of Practice was maintained in accordance with the Pensions Regulators requirements and WYPF Breaches Procedure.

The report revealed that the entries on the Register of Breaches for 2019/20 related to the late payment of contributions and Annual Benefit Statements not issued by 31 August 2019. An amendment to the report explained that the reference to 99.6% of Annual Benefit Statements issued should state that the target was by 31 August 2019 not 2018. All payments referred to in Appendix A had now been paid.

As the breaches outlined in Document L had not been regarded as material they had not been reported to The Pensions Regulator.

Resolved –

That the entries on the Register of Breaches of Law be noted.

ACTION: Director, West Yorkshire Pension Fund

19. 2019 ACTUARIAL VALUATION

The report of the Director, West Yorkshire Pension Fund (**Document “M”**) explained that the next triennial actuarial valuation of the Fund would be prepared based on the situation at 31 March 2019, and would determine the level of employers' contributions from April 2020 onwards.

Members were reminded that in accordance with the Local Government Pension Scheme Regulations the Fund was subject to an actuarial valuation by its appointed consulting actuary at 31 March 2019.

The main aims of carrying out an actuarial valuation of the Fund were to review the financial position of the fund; determine the employers' contribution rates; and ensure that the legal requirements in relation to the actuarial valuation were met.

The report revealed that fund was working with the Fund's Actuary to ensure, wherever possible, any changes to employer's contributions were minimal. That approach was consistent with the Regulations, which specified that the actuary must have regard to the desirability of maintaining as nearly constant a common rate as possible.

Members were advised of progress which included that:-

The Terms of Reference for the Actuarial Valuation at 31 March 2019 had been agreed with the funds actuary ahead of time.

The actuary had completed the longevity analysis for the Fund, using data and experience from the last 5 years. That analysis indicates that there has been a slowdown in longevity improvements since the last valuation and this will be taken into account when agreeing the final demographic assumptions.

Data extracts for actives, deferreds, pensioners, preserved refunds and dependants records was supplied in early July and the validation of this information has been completed.

It was explained that a meeting had been held on the 23 September 2019 with the actuary, officers and the Chair of the Joint Advisory Group and Investment Panel to discuss and agree the final assumptions to be used for the Fund valuation. As a result of that meeting the actuary was finalising the whole Fund result following which the individual employers' results including the assets, liabilities, primary contribution rate and any deficits payments required would be produced.

It was anticipated that the Employer's result would start to be provided from early November. The results for the 5 West Yorkshire Councils, West Yorkshire Police and West Yorkshire Fire and Rescue would be produced first, with the results for the other employers following.

The Fund's Actuary would present an item on the 2019 Valuation at the Funds Employers annual meeting on the 7 November 2019. It was not expected that the results for the majority of employers would be available before that meeting; however employers would have the opportunity to hear from the Actuary on the outlook for the valuation.

In response to questions it was explained that employers had not been advised of likely contribution rates but the 5 West Yorkshire Councils, West Yorkshire Police and West Yorkshire Fire and Rescue had been advised that the fund hoped to keep rates the same as in 2019.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

20. UPDATE ON THE GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION EXERCISE

The report of the Director, West Yorkshire Pension Fund, (**Document “N”**) provided an update on the current position regarding the Guaranteed Minimum Pension (GMP) reconciliation exercise.

The report detailed progress on the exercise to date and Members were advised that this was a long term process. HMRC’s initial timescale of 31 December 2019 had been extended a number of times and it was expected that it would be again. It was confirmed that WYPF was also undertaking the reconciliation work for Lincolnshire Pension Fund, Hounslow Pension Fund (at stage 3) and eleven of the fourteen Fire Authorities.

In response to questions it was explained that no funding was being received from HMRC to carry out the exercise.

Resolved –

That the update contained in Document “N” be noted and the potential additional workloads anticipated from the Guaranteed Minimum Pension (GMP) exercise be acknowledged.

ACTION: Director, West Yorkshire Pension Fund

21. WYPF DATA IMPROVEMENT

The report of the Director, West Yorkshire Pension Fund (WYPF), **Document “O”**, informed members that The Pension Regulator’s (TPR) Code of Practice 14 and The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014 set out the requirements for public sector pension funds to maintain comprehensive and accurate data on their members and their members’ pension contributions.

Document O reported that there were two types of data that should be measured: common data and scheme specific data. A definition of both categories was provided. As a result of measuring the data a data score was calculated and that was the percentage of members in the scheme that had been assessed as having complete and accurate common or scheme specific data.

The latest version of the 2018/19 Data Improvement plan was appended to Document O and had been updated with the results for September 2019.

Members were advised that in 2018 the Local Government Association (LGA) started a project to develop a list of scheme specific data for the LGPS. Unfortunately that work was not completed until July 2019. As a result Funds were advised to assess what they thought were scheme specific data, and use that for 2018 tPR scheme return. Work had now been completed by the LGA and a final list of scheme specific data to be used was issued on 8 July 2019. That definition included additional categories and work was continuing to adjust the data quality reports to take into account the new scheme specific requirements. The Data quality score which would be provided for the Pension Regulator scheme return in autumn would be produced using the final list of scheme specific data.

A copy of the list of Scheme specific data the Fund was required to monitor against was appended to the report and it was reported that since the issue had been discussed at the last meeting a Governance Manager had been appointed and was dedicated to data improvement.

It was questioned if the deadline dates of November 2021 contained in the data improvement plan were achievable. It was explained that it had been proposed to complete high risk data by November 2019; however, following the production of the final list of scheme specific data, there may be new criteria to be included. A plan would be prepared annually and prioritised accordingly.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

22. WEST YORKSHIRE PENSION FUND RISK REGISTER

The report of the Director, West Yorkshire Pension Fund (**Document “P”**) advised members that West Yorkshire Pension Fund maintained a Risk Register which contained 45 risks that had been identified and framed into scenarios. The risks had been rated and 22 of these were above their acceptable tolerance level and 23 were below the tolerance line.

Information on five risks from the 22 which were above their tolerance level was included in Document “S” so that members could ensure that adequate Management Action Plans were in place to monitor those risks.

A presentation on those risks was provided and included plans which were in place to mitigate those threats.

A Member questioned measures to be taken in the event of an electrical power cut. Assurances were provided that data was stored in the Council’s Britannia House offices where there were additional power generators in place; there were power generators available at the fund’s office in Aldermanbury House and that the data centre back up system would be implemented in such circumstances.

Resolved –

That the five risks and action plans to manage and mitigate those risks contained in Document “P” be noted.

ACTION: Director, West Yorkshire Pension Fund

23. TRAINING, CONFERENCES, SEMINARS AND EVENTS

Members were reminded that training to understand their responsibilities and the issues they would be dealing with was a very high priority.

The report of the Director, West Yorkshire Pension Fund, (**Document “Q”**) informed Members of training courses, conferences and seminars which may be of assistance.

No resolution was passed on this item.

24. EXCLUSION OF THE PUBLIC

Members were asked to consider if the item relating to the West Yorkshire Pension Fund Investment Advisory Panel (**Document “R”**) should be considered in the absence of the public and approved the following recommendation:-

Resolved –

That the public be excluded from the meeting during consideration of the item relating to minutes of the West Yorkshire Pension Fund Investment Advisory Panel meeting held on 25 July 2019 because information would be disclosed which is considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).

It is considered that, in all the circumstances, the public interest in maintaining this exemption outweighs the public interest in disclosing this information as it is in the overriding interest of proper administration that Members are made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund.

25. MINUTES OF THE WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL 25 JULY 2019

The report of the Director, West Yorkshire Pension Fund, (**NOT FOR PUBLICATION Document “R”**) reminded Members that the role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 was to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;

securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

The minutes of meeting of WYPF Investment Advisory Panel were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Resolved –

That the Not for Publication minutes of the Investment Advisory Panel on 25 July 2019 appended to Document “R” be noted.

ACTION: Director, West Yorkshire Pension Fund

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the West Yorkshire Pension Fund Pension Board.

THIS AGENDA AND ACCOMPANYING DOCUMENTS HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

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Report of the Assistant Director of the Chief Executive's Office to the meeting of Governance and Audit Committee to be held on 28 November 2019

T

Subject:

Local Government and Social Care Ombudsman - Review of Local Government Complaints 2018/19.

Summary statement:

Following receipt of the Annual Review Letter from the Local Government and Social Care Ombudsman, this report summarises the number of complaints and investigations undertaken by the Ombudsman for the year ended 31 March 2019 and compares Bradford's performance against that of other local authorities.

David Walmsley
Assistant Director
Office of the Chief Executive

Portfolio:
Leader of Council and Corporate

Report Contact: Irina Arcas
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Overview & Scrutiny Area:
Corporate



1. SUMMARY

Following receipt of the Annual Review Letter from the Local Government and Social Care Ombudsman (LGSCO), this report summarises the number of complaints and investigations undertaken by the Ombudsman for the year ended 31 March 2019 and compares Bradford's performance against that of other local authorities.

2. BACKGROUND

2.1 The LGSCO was established under the Local Government Act 1974 which defines the main statutory functions for the Ombudsman as

- to investigate complaints against councils and some other authorities
- to investigate complaints about adult social care providers from people who arrange or fund their adult social care (Health Act 2009)
- to provide advice and guidance on good administrative practice

2.2 Its main activity under the Act is the investigation of complaints, which it states is limited to complaints from members of the public alleging they have suffered injustice as a result of maladministration and/or service failure. Under Part IIIA the Ombudsman investigates complaints from people who allege they have suffered injustice as a result of action by adult social care providers.

2.3 The Ombudsman's jurisdiction covers all local authorities (excluding town and parish councils); police and crime bodies; school admission appeal panels and a range of other bodies providing local services. The vast majority of the complaints the Ombudsmen receive concern the actions of local authorities and adult social care providers are within the LGSCO's jurisdiction.

2.4 The Regulatory Reform (Collaboration etc between Ombudsmen) Order 2007 amended the 1974 Act and clarified the powers of the LGSCO and the Parliamentary and Health Service Ombudsman (PHSO) to work together. With the consent of the complainant the Ombudsman can share information, carry out joint investigations and produce joint reports where complaints fall within the remit of both Ombudsman schemes. In practice, the Ombudsmen consider and agree proposals to conduct joint investigations where the matters complained about are so closely linked that a joint investigation leading to the production of a joint conclusion and proposed remedy in one report is judged to be the most effective means of reaching a decision on maladministration and injustice.

3. OTHER CONSIDERATIONS

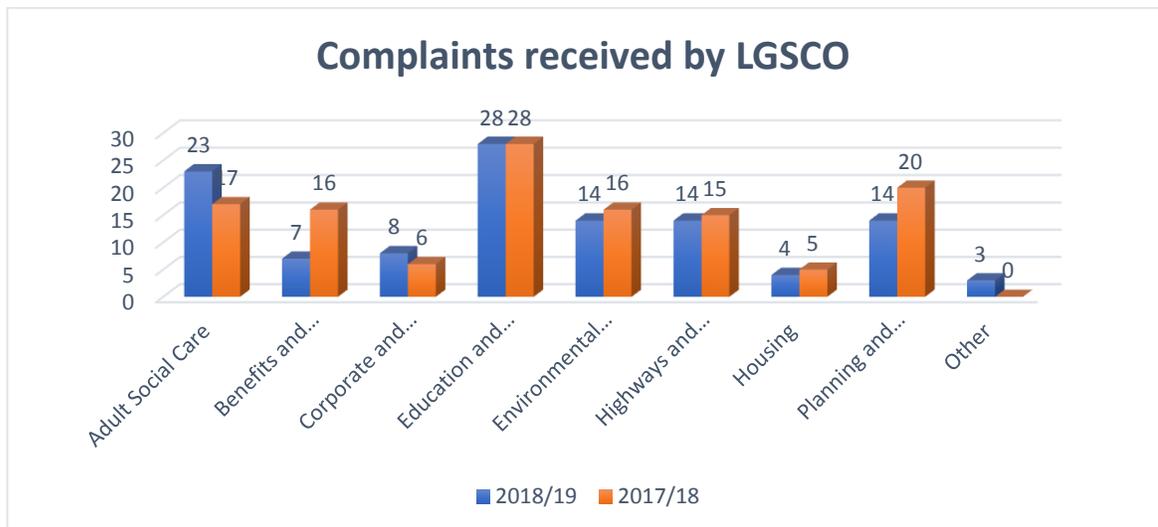
3.1 Each year the LGSCO provides its Annual Review Letter to each Authority (Appendix 1) detailing the annual summary of statistics on the complaints made to its office. The data provided shows the complaints and enquiries it has recorded, along with the decisions it has made and whilst the number of complaints will not, by itself, give a clear picture of how well those complaints are being responded to they do allow for comparisons to be made with authorities of a similar size.



3.2 The Review of Local Government Complaints 2018/19 identifies that the LGSCO received a total of 115 new complaints and enquiries about Bradford between 1 April 2018 and 31 March 2019 compared to 123 in the previous year. A breakdown across Services is detailed below:

Service Area	2018/19	2017/18	2016/17
Adult Social Care	23	17	12
Benefits and Council Tax	7	16	21
Corporate and other Services	8	6	8
Education and Children's Services	28	28	31
Environmental Services and Public Protection	14	16	12
Highways and Transport	14	15	18
Housing	4	5	5
Planning and Development	14	20	13
Other	3	0	0
Total	115	123	120

Upon receipt of a complaint the LGSCO will initially approach the Local Authority to ascertain the status of the complaint. The LGSCO will normally only accept complaints if the complainant has exhausted the Council's own internal complaint process. In 2018/19 the LGO made 93 decisions in relation to complaints about Bradford compared to 130 the previous year. Of the 93 decisions made in 2018/19, 38 (41% compared to 35% in the previous year) were referred back to the Council for local resolution and 26 (28% compared to 36% in the previous year) were closed by the LGO after its initial enquiries. 12 (13%) complaints were considered incomplete, invalid or other advice was provided.



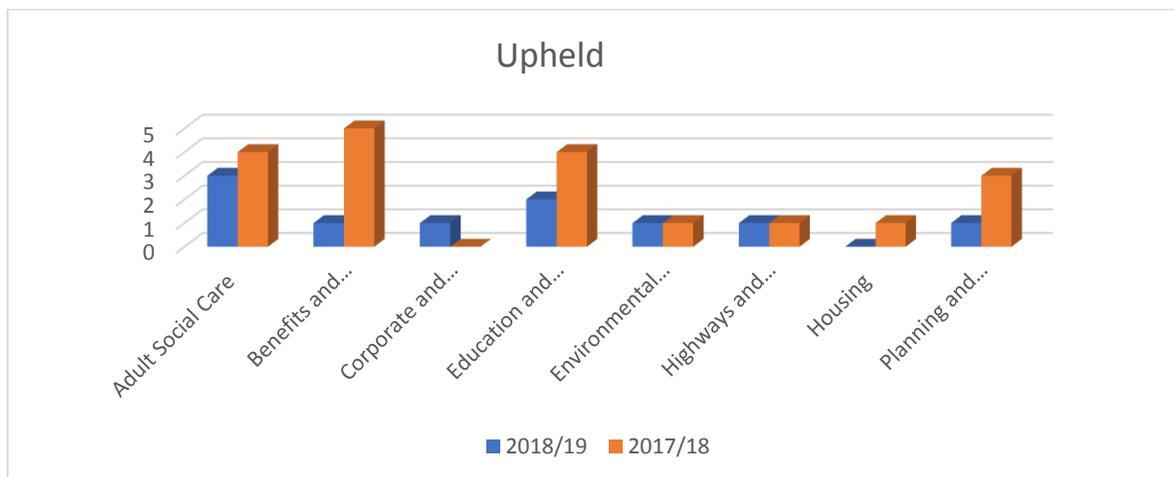
3.3 During the period in question 17 complaints (30 in 2017/18) were subject to a detailed investigation carried out by the LGSCO. 7 of those complaints were not



upheld with 10 being upheld i.e. 59% of the total complaints received by the LGO were upheld compared to 15% in 2017/18. A breakdown across service area of those subject to a formal investigation is below. The figures in brackets are those for 2017/18.

Service Area	Upheld	Not Upheld
Adult Social Care	3 (4)	2 (1)
Benefits and Council Tax	1 (5)	0 (0)
Corporate and other Services	1 (0)	0 (0)
Education and Children's Services	2 (4)	3 (2)
Environmental Services and Public Protection	1 (1)	0 (3)
Highways and Transport	1 (1)	1 (0)
Housing	0 (1)	0 (0)
Planning and Development	1 (3)	1 (5)
Total	10 (19)	7 (11)

In 20% of upheld cases the Council provided a satisfactory remedy before the complaint reached the Ombudsman. This compares to an average of 14% in similar authorities.



Across the Country the LGSCO carried out 4,232 detailed investigations (4,020 in 2017/18) of which they upheld 58%. In 2018/19 the 59% of the 17 Bradford complaints which were upheld following a detailed investigation by the LGSCO compares to an average of 61% in similar authorities.

3.3 In relation to learning from complaints the LGSCO recommended the Council the following service improvement:

- To review the use of section 20 of the Children's Act 1989 to ensure that the Council is using its powers appropriately.
- To review the looked after children review process to ensure actions are specific, measurable, achievable, realistic and time specific. To remind staff that minutes of review meetings should be circulated as soon as possible after meetings in line with guidelines.



- To review training needs of all social care staff to ensure they have received up to date training on child sexual exploitation.
- To ensure all officers carrying out investigations at stage 2 of the statutory children's complaints process have received training in handling complaints.
- To review current arrangements to ensure resources are in place to deal with children's services complaints in line with statutory timescales.
- To review complaint about pollution with a view to changing practices as necessary to prevent a recurrence of the identified faults.
- To provide training to members of the appeal panel or school transport before any further appeals are heard. To ensure panel members are aware of the failings identified in the case to prevent similar failings in the future.
- To ensure that appropriate signage is put in place so that members of the public are made aware of their right to use a recreation ground.
- To review policy and procedures so that it identifies whether land to be disposed of is public open space and that it undertakes the necessary consultation.
- To ensure Estate Management reviews how it applies the Council's complaints procedure so as to respond to complaints in a timely manner.
- To consider what action it needs to take to ensure similar problems where a service user's needs are not met by the care provider do not happen again.

3.5 For the first time, the LGSCO included data on authorities' compliance with their recommendations. The LGSCO was pleased Bradford agreed to provide the proposed remedies in the 9 (100%) cases, however there was a delay in implementing remedies in 2 of the above cases. Bradford's 100% compliance compared to an average of 99% in similar authorities.

The LGSCO asked the Council to reflect on the way remedies are implemented with a view to reduce any avoidable delay in the process. The Council has volunteered to be part of a pilot project to monitor compliance in Local Authorities in the country.

3.6 The LGSCO published 43 public interest reports during 2018/19, compared to 42 during 2017/18. None of the 43 public reports were against Bradford Council, whilst one was published in 2017/18.

4. FINANCIAL & RESOURCE APPRAISAL

The cost of investigating and supporting complaints and enquiries from the LGSCO is included in the Council's base budget and does not incur any additional costs to the Council.

In 6 of the 10 cases where the LGSCO undertook a formal investigation and upheld the complaint, the LGSCO recommended compensation and other payments to



complainants totalling £3,558, the cost of which is borne by Service Departments from within the base budget. This figure was higher than in the previous year (£1,925).

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

The overall number of complaints considered by the LGSCO for Bradford has decreased over the last year and so has the number of detailed investigations carried out by the LGSCO and the number of complaints being upheld.

6. LEGAL APPRAISAL

There are no specific legal issues in relation to the 2018/19 annual report arising within this report.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

There are no direct equal rights implications. All decisions on complaint investigations are made on the individual facts of the case taking into account the Council's complaints procedure.

7.2 SUSTAINABILITY IMPLICATIONS

There are no sustainability implications.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

There are no impacts on Gas Emissions.

7.4 COMMUNITY SAFETY IMPLICATIONS

There are no impacts on Community Safety.

7.5 HUMAN RIGHTS ACT

There are no impacts in relation to the Human Rights Act.

7.6 TRADE UNION

There are no Trade Union implications.

7.7 WARD IMPLICATIONS

There are no Ward implications.

7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS



(for reports to Area Committees only)

Not applicable.

7.9 IMPLICATIONS FOR CORPORATE PARENTING

Not applicable.

7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

There are no data protection and information security matters arising from this report.

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

There are no options to consider

10. RECOMMENDATIONS

- 10.1 That the Governance and Audit Committee takes assurance from the result of the Local Government and Social Care Ombudsman's Annual Review of Local Government Complaints 2018/19, that the Authority's complaints process is overall satisfactory.

11. APPENDICES

Appendix 1 - Annual Review Letter 20018/19.

12. BACKGROUND DOCUMENTS

None



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24 July 2019

By email

Kersten England
Chief Executive
City Of Bradford Metropolitan District Council

Dear Ms England

Annual Review letter 2019

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2019. The enclosed tables present the number of complaints and enquiries received about your authority, the decisions we made, and your authority's compliance with recommendations during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

Complaint statistics

As ever, I would stress that the number of complaints, taken alone, is not necessarily a reliable indicator of an authority's performance. The volume of complaints should be considered alongside the uphold rate (how often we found fault when we investigated a complaint), and alongside statistics that indicate your authority's willingness to accept fault and put things right when they go wrong. We also provide a figure for the number of cases where your authority provided a satisfactory remedy before the complaint reached us, and new statistics about your authority's compliance with recommendations we have made; both of which offer a more comprehensive and insightful view of your authority's approach to complaint handling.

The new statistics on compliance are the result of a series of changes we have made to how we make and monitor our recommendations to remedy the fault we find. Our recommendations are specific and often include a time-frame for completion, allowing us to follow up with authorities and seek evidence that recommendations have been implemented. These changes mean we can provide these new statistics about your authority's compliance with our recommendations.

I want to emphasise the statistics in this letter reflect the data we hold and may not necessarily align with the data your authority holds. For example, our numbers include

enquiries from people we signpost back to your authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside our annual review of local government complaints. For the first time, this includes data on authorities' compliance with our recommendations. This collated data further aids the scrutiny of local services and we encourage you to share learning from the report, which highlights key cases we have investigated during the year.

We now more closely monitor authorities' compliance with the recommendations we make to remedy the fault we find, and it is pleasing that we recorded our satisfaction with nine complaints against your Council. I welcome the fact that the Council accepted our recommendations and agreed to provide the proposed remedies. However, despite this agreement, two of the agreed remedies were not completed within the requested timescale. While I appreciate the pressures local authorities are under, delays in implementing remedies will naturally add to complainants' injustice and prevents my office from conducting its work in an efficient manner. I would ask the Council to reflect on the way it implements our remedies, with a view to reducing any avoidable delay in the process.

New interactive data map

In recent years we have been taking steps to move away from a simplistic focus on complaint volumes and instead focus on the lessons learned and the wider improvements we can achieve through our recommendations to improve services for the many. Our ambition is outlined in our [corporate strategy 2018-21](#) and commits us to publishing the outcomes of our investigations and the occasions our recommendations result in improvements for local services.

The result of this work is the launch of an interactive map of council performance on our website later this month. [Your Council's Performance](#) shows annual performance data for all councils in England, with links to our published decision statements, public interest reports, annual letters and information about service improvements that have been agreed by each council. It also highlights those instances where your authority offered a suitable remedy to resolve a complaint before the matter came to us, and your authority's compliance with the recommendations we have made to remedy complaints.

The intention of this new tool is to place a focus on your authority's compliance with investigations. It is a useful snapshot of the service improvement recommendations your authority has agreed to. It also highlights the wider outcomes of our investigations to the public, advocacy and advice organisations, and others who have a role in holding local councils to account.

I hope you, and colleagues, find the map a useful addition to the data we publish. We are the first UK public sector ombudsman scheme to provide compliance data in such a way and believe the launch of this innovative work will lead to improved scrutiny of councils as well as providing increased recognition to the improvements councils have agreed to make following our interventions.

Complaint handling training

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2018-19 we delivered 71 courses, training more than 900 people, including our first 'open courses' in Effective Complaint Handling for local authorities. Due to their popularity we are running six more open courses for local authorities in 2019-20, in York, Manchester, Coventry and London. To find out more visit www.lgo.org.uk/training.

Finally, I am conscious of the resource pressures that many authorities are working within, and which are often the context for the problems that we investigate. In response to that situation we have published a significant piece of research this year looking at some of the common issues we are finding as a result of change and budget constraints. Called, [Under Pressure](#), this report provides a contribution to the debate about how local government can navigate the unprecedented changes affecting the sector. I commend this to you, along with our revised guidance on [Good Administrative Practice](#). I hope that together these are a timely reminder of the value of getting the basics right at a time of great change.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M King', with a stylized flourish at the end.

Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Local Authority Report: City Of Bradford Metropolitan District Council
For the Period Ending: 31/03/2019

For further information on how to interpret our statistics, please visit our [website](#)

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
23	7	8	28	14	14	4	14	3	115

Decisions made

Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Detailed Investigations			Total
				Not Upheld	Upheld	Uphold Rate (%)	
12	0	38	26	7	10	59	93

Note: The uphold rate shows how often we found evidence of fault. It is expressed as a percentage of the total number of detailed investigations we completed.

Satisfactory remedy provided by authority

Upheld cases where the authority had provided a satisfactory remedy before the complaint reached the Ombudsman	% of upheld cases
2	20

Note: These are the cases in which we decided that, while the authority did get things wrong, it offered a satisfactory way to resolve it before the complaint came to us.

Compliance with Ombudsman recommendations

Complaints where compliance with the recommended remedy was recorded during the year*	Complaints where the authority complied with our recommendations on-time	Complaints where the authority complied with our recommendations late	Complaints where the authority has not complied with our recommendations	
9	7	2	0	Number
	100%		-	Compliance rate**
<p>Notes:</p> <p>* This is the number of complaints where we have recorded a response (or failure to respond) to our recommendation for a remedy during the reporting year. This includes complaints that may have been decided in the preceding year but where the data for compliance falls within the current reporting year.</p> <p>** The compliance rate is based on the number of complaints where the authority has provided evidence of their compliance with our recommendations to remedy a fault. This includes instances where an authority has accepted and implemented our recommendation but provided late evidence of that.</p>				

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Report of the Director of Finance to the meeting of the Governance and Audit Committee to be held on 28 November 2019.

U

Subject:

INTERNAL AUDIT PLAN 2019/20 – MONITORING REPORT AS AT 30 SEPTEMBER 2019

Summary statement:

This report monitors the progress made by Internal Audit against the Internal Audit Plan for 2019/20 as at 30 September 2019.

Chris Chapman
Director of Finance

Portfolio

Leader of Council and Corporate Portfolio

Report Contact: Mark St Romaine
Phone: (01274) 432888
E-mail:
mark.stromaine@bradford.gov.uk

Improvement Area:

Corporate

1. SUMMARY

- 1.1 The purpose of this report is to bring to the attention of members of the Governance and Audit Committee (G&AC) any significant issues arising from the audit work undertaken to date and to inform them about the progress made up to 30 September 2019, against the Internal Audit Plan, which was approved by the Committee on 18 April 2019. In addition the report includes an update on progress made in implementing the recommendations of the external review of Internal Audit.

2. BACKGROUND

- 2.1 Internal Audit is part of Financial Services within the Department of Corporate Resources. This is the half year monitoring report on the Internal Audit Plan for 2019/20. This is detailed in Appendix 1. The overall Audit Opinion is that from the audit work performed to date, Internal Audit concludes that the Council's overall control framework is effective.

- 2.2 The report enables the Council to demonstrate compliance with the Public Sector Internal Audit Standards (PSIAS). These require the Head of Internal Audit to report periodically to the Governance and Audit Committee on Internal Audit's activity, purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested either by senior management or the Governance and Audit Committee.

The PSIAS also require the Head of Internal Audit to communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to the Governance and Audit Committee, including any impact of resource limitations.

3. OVERVIEW AND SCRUTINY COMMITTEE CONSIDERATION

- 3.1 Not Applicable.

4. OTHER CONSIDERATIONS

- 4.1 There are no other considerations.

5. OPTIONS

- 5.1 Not applicable

6. FINANCIAL AND RESOURCE APPRAISAL

- 6.1 The work of Internal Audit adds value to the Council by providing management with an assessment on the effectiveness of internal control systems, making, where appropriate, recommendations that if implemented will reduce risk and deal with financial uncertainty.

7. RISK MANAGEMENT

7.1 The work undertaken by Internal Audit is primarily concerned with examining risks within various systems of the Council and making recommendations to mitigate those risks. Consideration was given to the corporate risk register when the Audit Plan for 2019/20 was drawn up and any issues on the risk register that relate to an individual audit are included within the scope.

7.2 The key risks examined in our audits are discussed with management at the start of the audit and the implementation of recommendations is followed up with Strategic Directors.

8. LEGAL APPRAISAL

8.1 The Accounts and Audit Regulations for 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. These standards are detailed in the Public Sector Internal Audit Standards supported by CIPFA's Local Government Application Note.

9. OTHER IMPLICATIONS

9.1 Equality and Diversity

Internal Audit seeks assurance that the Council fulfils its responsibilities in accordance with its statutory responsibilities and its own internal guidelines. When carrying out its work, Internal Audit reviews the delivery of services to ensure that they are provided in accordance with the formal decision making process of the Council.

9.2 Sustainability Implications

When reviewing Council Business, Internal Audit examines the sustainability of the activity and ensures that mechanisms are in place so that services are provided within the resources available

9.3 Greenhouse Gas Emissions Impacts

There are no impacts on Gas Emissions.

9.4 Community Safety Implications

There are no direct community safety implications.

9.5 Human Rights Act

There are no direct Human Rights Act implications.

9.6 Trade Union

There are no implications for the Trade Unions arising from the report.

9.7 Ward Implications

Internal Audit will undertake specific audits through the year which will ensure that the decisions of council are properly carried out.

9.8 Implications for Corporate Parenting

None

9.9 Issues Arising from Privacy Impact Assessment

None

10. NOT FOR PUBLICATION DOCUMENTS

10.1 None.

11. RECOMMENDATIONS

That the Governance and Audit Committee:

11.1 Takes assurance from the results to date that show that the control environment, risk management and governance processes of the Council is effective.

11.2 Endorse the anticipated coverage and changes of Internal Audit work during the year.

11.3 Requires Internal Audit to monitor the control environment, risk management and governance arrangements and continues to assess areas of control weakness and the ability of management to deliver improvements to the control environment when required.

12. APPENDICES

Appendix 1 – Internal Audit Plan for 2019/20 – Monitoring Report as at 30th September 2019.

13. BACKGROUND DOCUMENTS

13.1 G&AC report dated 18 April 2019 – Internal Audit Plan 2019/20.

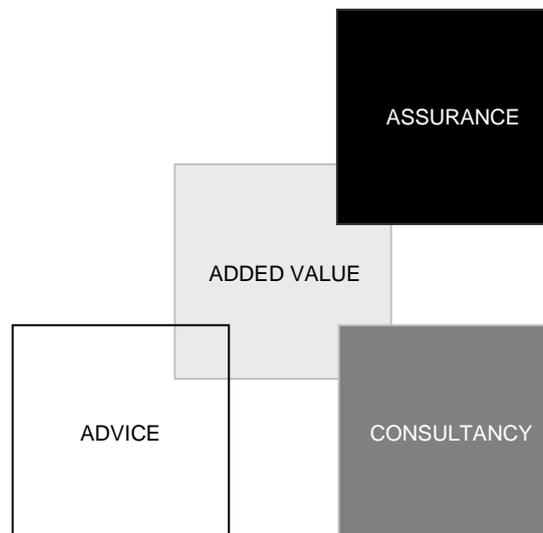
Internal Audit



INTERNAL AUDIT PLAN 2019/20

MONITORING REPORT

AS AT 30.09.19.



DEPARTMENT OF CORPORATE RESOURCES

1 INTRODUCTION

- 1.1 The Internal Audit Annual Plan for 2019/20 was approved by the Governance and Audit Committee (G&AC) at its meeting on 18 April 2019. This report is the half year monitoring report for this financial year. It identifies the progress made against the Internal Audit Plan up until 30 September 2019 and identifies any significant audit issues arising.
- 1.2 The report enables the Council to demonstrate compliance with the Public Sector Internal Audit Standards (PSIAS). These require the Head of Internal Audit to report periodically to the Governance and Audit Committee on Internal Audit's activity, purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested either by senior management or the Governance and Audit Committee.
- 1.3 The PSIAS also require the Head of Internal Audit to communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to the Governance and Audit Committee, including any impact of resource limitations

2 RESOURCES

2.1 Increase in Audit Resources

The Internal Audit Plan for 2019/20 has 229 days (10%) more capacity than in 2018/19 (2505 days v 2276 days). The net increase is due to the full year effect of recruiting four Senior Auditors (3.35FTE) in August 2018, the reduction in working hours of one Senior Auditor effective from 1.4.19 (0.4FTE) and the transfer of one member of staff to Financial Services (1FTE). Internal Audit is currently ready to advertise for an Internal Audit Graduate Trainee to support succession planning and future service delivery.

The Audit Plan in the past has included time for the management of insurance, information governance, risk management and accountancy support. In the first half of the year support for accountancy has been significantly curtailed and the Head of Internal Audit is no longer responsible for the Information Governance Team. In addition, a further 255 days is in the Audit Plan for auditing the West Yorkshire Pension Fund. The net audit days currently provided to Bradford Council in 2019/20 is 1881 days.

2.2 MK Insight

MK Insight is an integrated Internal Audit ICT package produced by Morgan Kai that delivers the full range of Internal Audit functionality from planning, to reporting, including time recording and working paper preparation. MK Insight is now used by Audit Management to produce the Internal Audit Plan and by all staff to perform audits, report their findings and deliver the 2019/20 audit plan.

The following up of audit recommendations and the reporting of performance via MK Insight are ongoing developments.

3 SERVICE DELIVERY

3.1 Audit Coverage

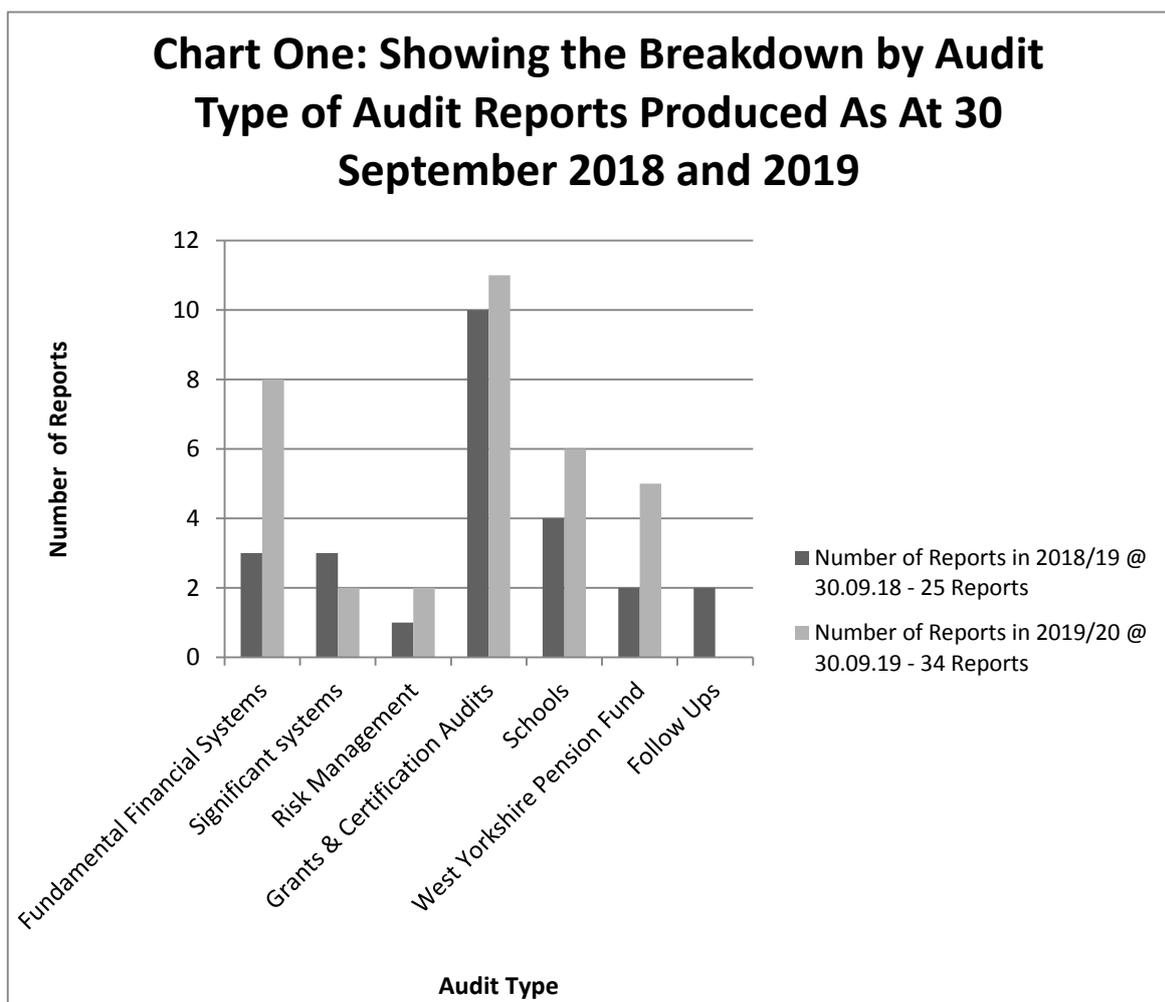
As at 30 September 2019, 45% of the 2019/20 audit plan has been completed compared to last year when 39% of the 2018/19 audit plan had been completed by this time.

Currently, it is forecast that Internal Audit will achieve its target level of 90% completion of the audit plan by the end of the financial year. This forecast assumes that there are no significant unforeseen audit issues or unplanned work in the second half of 2019/20.

3.2 Reports Issued

All Internal Audit assignments result in an Audit Report that identifies the audit coverage, findings from the audit, risks arising from identified control weaknesses and prioritised audit recommendations. Chart One below shows that as at 30 September 2019 a total of 34 reports have been issued, which compares with 25 reports issued as at 30 September 2018. The chart shows a breakdown of the reports by audit type.

The increase in the number of reports issued this year is due to the service having an increase in resources available compared to those that were available in the same period last year.



3.3 Control Environment

The following table details the opinions from those audits over the last two years where an appraisal of the overall system could be obtained. As can be seen the proportion of reports assessed as either good or excellent opinions is generally

consistent over time and account for approximately 80% of the opinions reached. Whilst reassuring, this is as expected as Internal Audit's core focus is on fundamental and significant systems. Further, Internal Audit's work includes an increasing proportion of grant certification and West Yorkshire Pension Fund audits, both of which have a track record of being generally well controlled.

Table One: Six Monthly Analysis of Audit Opinions raised in Internal Audit Reports issued in the Period 1 October 2017 to 30 September 2019

Opinions	1 Oct 2017 and 31 March 2018		1 April 2018 and 30 Sept 2018		1 Oct 2018 and 31 March 2019		1 April 2019 and 30 Sept 2019	
	Total	Proportion	Total	Proportion	Total	Proportion	Total	Proportion
Excellent	11	28%	10	48%	8	24%	13	43%
Good	20	51%	7	32%	16	48%	10	33%
Satisfactory*	5	13%	0	0%	0	0%	0	0%
Partially Effective	1	3%	2	10%	8	24%	7	23%
Ineffective	2	5%	2	10%	1	3%	0	0%
Total Relevant Reports	39		21		33		30	
Not applicable**	7		4		3		4	
Total Reports	46		25		36		34	

* On implementing MK Insight in 2017, Internal Audit has, reduced the number of audit opinion categories from 5 to 4. The new audit opinions range from Excellent to Ineffective. Consequently, the former audit opinion of satisfied does not have a direct comparator going forward.

** Internal Audit gives an opinion on the control environment whenever it is appropriate to do so. However, audit reports that provide advice, review specific control concerns or investigate irregularities generally do not have an opinion as they are too limited in scope.

The analysis above relates to those reports with opinions. Opinions are derived from a standard analysis of the level of control satisfaction and number of high priority recommendations within a report. Where reports are produced that do not relate to the planned evaluation of risks and controls, for example in response to requests for advice on specific matters, or in response to known control failures there is often no opinion applied to the report.

Internal Audit looks to minimise those reports without an opinion. Reports without an opinion were 12% (4) of all reports issued over the period 1.4.19 to 30.09.19.

The audit work has identified that 80% of controls examined were operating satisfactorily. All concerns arising from the audit assignments result in an audit recommendation. To date, as in 2018/19, 100% of our audit recommendations have been accepted by management.

3.4 Follow Up of Audit Recommendations

During 2019/20 the way in which Internal Audit recommendations are followed up has been revised.

In previous years Strategic Directors were asked to provide an update on the level of implementation of Critical and High Priority recommendations

annually, which often meant considerable delays between issuing recommendations and seeking assurance that the agreed action was taking place. In addition sample testing of the results often identified differences between reported progress and actual progress.

Under the revised method the level of implementation of recommendations will be followed up quarterly by the auditor making the recommendation. Narrative to support the current status will be sought and wherever possible supporting evidence will be obtained. Having the author of the report carrying out the follow up work will allow difficulties in implementation to be identified and discussed.

The first follow up using this revised approach commenced in October 2019 and included recommendations issued up to 30th June 2019 that had not yet been confirmed as implemented.

The results of the exercise are shown below and are compared to the results from the 2018/19 follow up (shown in brackets).

At the time of writing there are a small number of recommendations where discussion between the auditor and officers responsible for action are ongoing and consequently, once complete, the level of implementation may increase.

The October 2019 follow up exercise identified a slight increase in the overall percentage of recommendations fully implemented, however it is the decrease in the number of recommendations carried forward, which is most marked. This is predominantly due to a significant number of recommendations, mainly those brought forward from previous exercises, being identified as no longer relevant; either due to them being superseded by recommendations from a subsequent follow up audit, or due to system or legislative changes within the department.

With respect to the recommendations carried forward as not fully implemented, almost two thirds were implemented in part.

Department	Total Followed Up	Fully Implemented		Carried Forward	
		Number	Percentage	Number	Percentage
Chief Executive	15	13	87% (75%)	2	13% (25%)
Children's Services	121	92	76% (37%)	17	14% (63%)
Corporate Resources	20	11	55% (67%)	4	20% (33%)
Health and Wellbeing	45	8	18% (28%)	17	38% (63%)
Place	24	7	29% (71%)	16	67% (29%)
	225	131	58% (49%)	56	25% (49%)

Once a final position is reached the details for each department will be provided to Strategic Directors for their information and sign off. It is intended that this final element of the process will be carried out annually, although if concerns about specific recommendations are identified during other quarterly processes these will be escalated to Assistant Directors and Strategic Directors at that time.

3.5 Direct Payments

At the July 31 2019 Governance and Audit Committee it was agreed

(2) That the significant concerns relating to Direct Payments be included in the Councils Strategic Risk Register.

(3) That a report solely on the significant concerns relating to Direct Payments be reported to the Corporate Management Team as soon as possible.

A report on the Direct Payments Improvement Plan was agreed by CMT on the 13th November 2019. At the meeting the plan was approved which included case prioritisation based on the time since the last audit and the value of the weekly payment. Of the 86 high priority cases, 64 had so far been finished and the rest timetabled to be completed in the next two weeks. It was envisaged that it would take a year to address the backlog on the lower risk cases. It was agreed that Internal Audit would review the situation in six months to determine the level of progress and report back to CMT.

3.6 Summary of Audit Reports and Findings

A summary of the routine audits undertaken and the recommendations identified is reported in Appendix A.

3.7 Overall Opinion

From the audit work performed to date, Internal Audit concludes that the Council's overall internal control framework, risk management and governance processes are effective.

3.8 Existing and Planned Changes to Internal Audit Coverage in 2018/19

During the year the audit plan is subject to revision in light of requests for, or the need to do additional unplanned audit work and also to reflect any in year changes in available resources. Action is taken as appropriate to ensure that audit resources are efficiently and effectively deployed. The 2019/20 audit plan has been revised.

Appendix B indicates those audits added to the plan and those that have been replaced. Those audits replaced will be considered when establishing the 2020/21 audit plan, but in a number of cases it is anticipated that there will no longer be a need for the audit work in 2020/21.

In determining these plan changes, Internal Audit has considered a number of relevant factors including risk and impact of control failure, external funding requirements, prior audit assurance, maturity of the control environment, appropriate timing for the review, Corporate and Directors' priorities.

It is proposed that the section continues to focus on Fundamental and Significant Systems work in the second half of the financial year as these areas of work materially contribute to audit's opinion on the Council's control environment.

The fundamental and significant systems planned to be covered in the second half of the year include the following.

Fundamental Systems Audit	Significant Systems Audit
Miscellaneous Payments	Special Educational Needs Placements (out of area)
Payment of Feeder Files	BMS Review
Supplier Maintenance	Transitional Planning
Recovery of Benefit Overpayments	Continuing Healthcare
Budgetary Control & General Ledger	Partnership Governance
Capital schemes	Education Attendance Traded Service
Final Accounts Review	Post 16 Placements
Cash income/Capita cash receipting	Travel Assistance
Bank reconciliation	Health & Safety
Starters & Leavers (Council)	Better Care Fund
Payroll Third Party Payments	Deferred Payment for Residential Care
Flexitime/Timerecording	Car Parking Income
Agency Spend	Bereavement Services
Contract Variations	Regeneration Grants
Procurement – Quotes, Tenders, Contract Award	Swimming Pool/Sports Centre Income
	Waste Management
	Performance Management

3.9 Internal Audit's Performance Indicators

Client Feedback

After each audit a client feedback questionnaire is issued to the appropriate officer to obtain feedback from them about the audit. 100% of the officers that responded said that the audit recommendations made were useful, realistic and overall the audit was of benefit to management.

Timeliness of Audits

During the first 6 months, 83% of draft reports were issued within 3 weeks of finishing the site work, which is above the target of 80%. 83% of final reports were issued within a week of the post audit meeting, which is below the target of 90%, although this was only missed due to technical problems with MK Insight, which have now been addressed. The timeliness of issuing draft and final reports is crucial to providing a good service to officers, enabling them to deal with the issues raised and consider the recommendation made.

4.0 Internal Audit Quality Assurance Improvement Plan

4.1 In accordance with Public Sector Internal Audit Standards Internal Audit has developed and maintains a Quality Assurance Improvement Plan (QAIP). The QAIP establishes and maintains best practice and drives continual improvement. Improvement developments that Internal Audit has progressed in 2019/20 include:

- The Head of Internal Audit no longer has responsibility for Information Governance
- The Computer audit resourcing gap that has existed for two years has now been filled. Bradford Council is to enter into a 3 year contract with Salford Council for the provision of Computer Internal Audit services. The contract will be for 60 days per annum over three years from 1/10/19 to 30/9/22.

- The position of Internal Audit Graduate Trainee has been developed and is currently going through the official vacancy approval process.
- Internal Audit Training and Development draft plan has been produced.

Appendix A Summary of Audit Reports and Findings

Appendix B Unplanned Audit Work Included in and Planned Audit Work Deleted from the Revised 2018/19 Internal Audit Plan as at 30.09.19

Summary of Audit Reports and Findings

1. Fundamental Systems

- 1.1 Audit work carried out in the first half of 2019/20 supported the strategy of moving away from high level annual assurance audits to more detailed cyclical audits of fundamental systems. During the period to 30.09.19, 8 reports were issued relating to fundamental systems, six of these had audit opinions, which ranged from Excellent to Partially Effective and these are summarised below:
- 1.2 The reviews of the Council's Discretionary Housing Payments and Pension Contributions each resulted in an excellent opinion. The audits of the Keighley Road Extra Care & Residential Care Capital Scheme Review and Compliance with Corporate Contracts & Frameworks resulted in good opinions. The two audits that gave partially effective opinions were Accounts Receivable Enforcement Refunds and Write Offs; and Requisitioning, Ordering and Payment. The key concerns that gave rise to the partially effective opinions are described in the paragraphs below.
- 1.3 The key concerns identified in the Enforcement Refunds and Write Offs audit include blocks/markers used inappropriately on Customer records preventing invoices being highlighted for recovery action; a significant number of customer accounts had credit balances that required actioning; there was inadequate assurance that an appropriate process existed on URB workflow to enable appropriate recovery action to take place for all outstanding invoices on SAP which required intervention beyond issuing standard reminder letters; inadequate assurance that all written off debts are appropriately authorised.
- 1.4 The key concerns identified in the Requisitioning, Ordering and Payment audit include requisitions being created after the receipt of goods contravening Contract Standing Orders; goods ordered from other companies when a corporate contract exists; delays in checking and actioning invoices blocked for payment reports that could lead to late payment and the Council being charged late payment interest.
- 1.5 The two audit reports that did not have an opinion, as they were too limited in scope, related to: reporting concerns that VAT on property transactions were not being accounted for; and reporting of an inquiry into a recruitment process that raised concerns around the process followed, although this had not affected the outcome, as the strongest candidate, who met the essential requirements of the post, appeared to have been appointed.

2. Significant Systems

- 2.1 During the first half of the year, two reports relating to significant systems were issued. These are summarised below.
- 2.2 The audit of Ethical Governance of Members gave an excellent opinion. Whilst the Controcc Financial Management System Post Implementation Review gave a partially effective opinion due to concerns that: staff may have inappropriate system access; incorrect care packages and payments are being created, due in part to a lack of training; duplicate payments can occur; the provider portal is not yet operational for carers to use; there is a lack of management information available.

3. Schools

3.1 School Audits

During the first half of the year, six reports relating to schools were issued (compared to four reports in the same period in 2018/19). Of these, four related to individual primary school audits. All reports included recommendations to improve the control environment at each school visited, with audit opinions of Partially Effective at three and Good at the fourth. The fifth report related to an annual position summary and assurance statement issued to the Department for Education (DfE) relating to the Schools Financial Value Standard (SFVS) process for 2018/19, which is referred to in more detail below. The sixth report resulted from the investigation of anonymous written allegations made against a primary school Headteacher relating to financial mis-management and was issued to the school's governing body.

3.2 Schools Financial Value Standard

At the 2018/19 year end, all maintained schools were required to complete a self-assessment against the DfE's SFVS. As at 31 March 2019, SFVS returns were completed by 94 of the Council's 105 maintained schools that were required to do so, leaving 11 that were not received by the due date. It was the case that the 31st of March was a Sunday and nine of the late returns were then received during the first week of April. The high level of prompt returns provides continuing adequate assurance that schools are engaging with the SFVS process.

Effective from 1st April 2019, the DfE has changed the SFVS scheme (for returns due by 31st March 2020). The new scheme introduces the requirement to complete a revised list consisting of 29 questions (checklist) and also for the first time, a data-based element (dashboard) of financial and statistical information. The intention is to better support maintained schools with an assessment of how they are managing their resources.

Internal Audit has developed a tailored training package around the changed requirements and will deliver the training in four half day sessions in October/November to Governors, Headteachers and school finance staff. Early bookings from notices placed on Bradford Schools Online during September indicate there will be more than 100 attendees from over 50 of the District's maintained schools.

4. Grants

Grant certification work is carried out in response to conditions placed on central government targeting of funding to local authorities, for example funding for pot hole repairs on the District's highway network.

The grants requiring certification can vary and change each year. The audit plan for 2019/20 has seen the number of grants requiring review increase, with one new Highways grant certification being carried out. To date 11 reports have been issued relating to capital and revenue grants that required Internal Audit certification.

The values of the grants varied considerably, conditions also varied and included confirming that targets had been met, that funds had been appropriately spent and that other requirements, such as publication of how the grant had been used, had been complied with.

Overall Internal Audit has been able to give a positive opinion for all grants and consequently no funding has been lost.

5 Computer Audit

In the first half of 2019/20 Salford Council, who provide Computer Audit Services for a number of Councils and organisations in the North West, completed an Audit Needs assessment of Bradford's ICT functionality. Bradford Council is entering into a legal contract with Salford for the provision of Computer Internal Audit services. The contract will be for three years from 1/10/19 to 30/9/22 and a draft ICT audit plan has been produced to cover this period.

6. West Yorkshire Pension Fund (WYPF)

During 2019/20 Internal Audit will carry out a variety of audits in the West Yorkshire Pension Fund (WYPF), in accordance with the annual plan agreed with WYPF management. Reports issued to the 30 September 2019 were in respect of the following:-

- **Review of WYPF 2018/19 Accounts.** This audit is carried out annually at the request of the WYPF Financial Controller to assist in producing accurate, easy to read information within the financial accounts.
- **Information Governance and General Data Protection Regulation.** With the introduction of the General Data Protection Regulation (GDPR) in May 2018, a piece of audit work was carried out to determine compliance with GDPR requirements. A number of recommendations were made to ensure continuing compliance with GDPR is maintained.
- **Transfer of Data.** WYPF provides a pensions administration service for Lincolnshire Pension Fund, London Borough of Hounslow Pension Fund and 15 Fire and Rescue Authority Pension Funds. This audit looked at the process to manage the transfer of their data into WYPF systems. This process was considered to be partially effective resulting in recommendations being made to improve the control environment for future data transfers.
- **UK and Overseas Private Equities.** Control of the investments made in this asset class was found to be of a good standard, with only low priority recommendations being made to further improve the process.
- **UK Fixed and Index Linked Public and Corporate Bonds.** Control of this investment asset class was found to be excellent with no issues identified.

7. Full List of Internal Audit Completed in 2019/20

7.1 A full list of the reports issued this financial year is detailed below.

Audit Category	Client	Opinion	Title
Fundamental Systems	Dept of Place	Good	Keighley Road Extra Care & Residential Care Capital Scheme Review

Fundamental Systems	Corporate Resources	N/A	Review of a Recruitment Process Within the Department of Health and Wellbeing
Fundamental Systems	Corporate Resources	Excellent	Certification of Payroll Contributions 2018/19
Fundamental Systems	Corporate Resources	Partially Effective	Accounts Receivable Enforcement Refunds & Write offs
Fundamental Systems	Children's Services	Partially Effective	Requisitioning, Ordering & Receipting
Fundamental Systems	Corporate Resources	Excellent	Discretionary Housing Payments
Fundamental Systems	Corporate Resources	Good	Compliance with Corporate Contracts & Frameworks
Fundamental Systems	Corporate Resources	N/A	Concerns Relating to Accounting for VAT on Property Transactions
Grants & Certificate Work	Children's Services	Good	PE & Sport Grant 2018/19
Grants & Certificate Work	Dept of Place	Excellent	West Yorkshire Combined Authority Local Transport Block Funding Grant 2018/19
Grants & Certificate Work	Dept of Place	Excellent	Pot Hole Funding 2018/19
Grants & Certificate Work	Dept of Place	Excellent	Bradford Interchange Access Improvement Grant
Grants & Certificate Work	Dept of Place	Excellent	Cycle City Ambition Grant 2018/19
Grants & Certificate Work	Dept of Place	Excellent	West Yorkshire Plus Transport Fund Grant 2018/19
Grants & Certificate Work	Children's Services	Good	Troubled Families (Families First) Funding 2019/20
Grants & Certificate Work	Dept of Place	Excellent	Local Highways Maintenance Funding 2018/19
Grants & Certificate Work	Dept of Place	Excellent	National Productivity Investment Fund Grant 2018/19
Grants & Certificate Work	Dept of Place	Excellent	Disabled Facilities Grant 2018-19
Grants & Certificate Work	Dept of Place	Excellent	Local Authority Bus Subsidy Ring Fenced (Revenue) Grant 2018/19
Risk Management	Corporate Resources	Good	Departmental Risk Management
Risk Management	Corporate Resources	Good	Corporate Risk Management
Schools	Children's Services	Partially Effective	Midland Road Nursery School
Schools	Children's Services	N/A	Analysis of Schools Financial Value Standard Self Assessment Returns 2019
Schools	Children's Services	Partially Effective	Frizinghall Primary School
Schools	Children's Services	Good	Trinity All Saints CE Primary School
Schools	Children's Services	Partially Effective	Bankfoot Primary School
Schools	Children's Services	N/A	School Anonymous Financial Allegations
Significant Systems	Chief Executive	Excellent	Ethical Governance (Members)
Significant Systems	Children's Services	Partially Effective	Controcc Financial Management System - Post Implementation Review
WYPF	Chief Executive	Good	West Yorkshire Pension Fund Information Governance and General Data Protection Regulation
WYPF	Chief Executive	Partially Effective	West Yorkshire Pension Fund Transfer of Data
WYPF	Chief Executive	Good	West Yorkshire Pension Fund UK and

			Overseas Private Equities
WYPF	Chief Executive	Good	Review of West Yorkshire Pension Fund 2018/19 Accounts
WYPF	Chief Executive	Excellent	West Yorkshire Pension Fund UK Fixed and Linked Public and Corporate Bonds

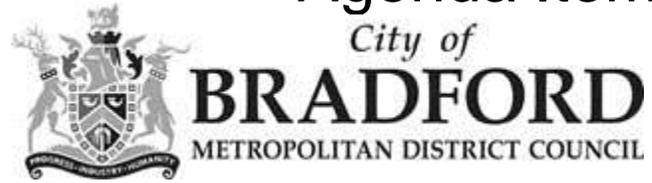
Unplanned Audit Work Included in and Planned Audit Work Deleted from the Revised 2019/20 Internal Audit Plan as at 30.09.19

Additional unplanned audit work done/propose doing in 2019/20	Reason
Review of Recruitment Processes	Directors of Finance & HR requested Internal Audit review an 18/19 recruitment process
BML 2018	Director of Finance requested Internal Audit support Finance's review of BML 2018
Council Wide GDPR Compliance	Requested by Interim Director of Finance
Local Highways Maintenance Funding Grant	New grant for 18/19 that was unknown when the audit plan was created
VAT on Property Transactions	VAT issue identified in a grant audit lead to additional audit work having to be performed and reported
Troubled Families Grant Claim	An additional batch of grant claims received in September requiring audit certification
Alleged Concerns at a Primary School	Anonymous allegations made that the Head Teacher was not adhering to school financial management procedures
Local Land Charges	Concerns expressed by Legal that monies owed to the Council are not recovered before the statutory limitation period
Trade Waste Accounts Receivable	Director of Finance requires assurance that system had appropriate controls and ensured that income was correctly accounted for
s106 of 1990 Town and Country Planning Act	Review of processes following a complaint that External Audit had received from a resident.

Planned audit work proposed not doing in 2019/20	Reason
NNDR Bids	Agreed with AD Revs, Benefits & Payroll not priority. Deferred to 20-21.
Safe, clean and active communities	Duplicate audit. A Council Plan wide audit focusing on the reporting of the KPIs is also planned to be performed.
Transformational Change	Audit deferred to 20/21 due to review of transformation change programme by Strategic Director/City Solicitor starting in October.
Highways Challenge Fund Grant	No audit required as this grant funding was not received in 2018/19.
Governance Arrangements re Future Integration with Health	Defer audit to 2020/21 due to reprioritisation of audits at Health.

Review of processes for identifying IT project priorities, allocating work and charging for	Director of Finance requiring assurance of this critical process
Process changes in Adults	Director of Finance requiring assurance that changes in process arising from the Impower review are not leading to control issues

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Report of the City Solicitor to the meeting of Governance and Audit Committee on Thursday 28 November 2019

V

Subject:

Community Governance Review for a new Local Council in the Shipley area

Summary statement:

This report provides feedback from the Community Governance Review for a proposed new Local Council in the Shipley area which was triggered by receipt of a petition to the Council from local residents.

Parveen Akhtar
City Solicitor

Portfolio:

Leader of Council and Corporate

Report Contact: Damian Fisher
Phone: (01274) 437062
E-mail:

Damian.fisher@bradford.gov.uk

Overview & Scrutiny Area:

Corporate

1. SUMMARY

This report provides feedback from the Community Governance Review for a proposed new Local Council in the Shipley area which was triggered by receipt of a petition from local residents.

2. BACKGROUND

- 2.1 A Local Council is a tier of local government. It can be known as a parish, town, community or village council. It has members (councillors) elected by the people who live in its area. It has a clerk, who is an employee of the Local Council and who looks after the administration of its activities. A Local Council is an independent organisation and its decisions, assets and liabilities are solely its own responsibility.
- 2.2 In Bradford there are currently 19 Local Councils. They are supported by regional and national associations – Yorkshire Local Councils Association, and National Association for Local Councils. Funding is sometimes available from these bodies to support people in the setting up of a new Local Council.
- 2.3 Local Councils are responsible for setting their own precept with Bradford Council acting only as the billing authority. The precepts charged by the Local Councils in the Bradford District vary for Band D households from £8.50 per year in Wrose, to £67.53 per year in Burley-in-Wharfedale.

Bradford Council working with Local Councils

- 2.4 To help manage relations and outline how Bradford Council and Local Councils aim to work together, a Charter was first produced and approved by Executive in 2006 and has most recently been updated in May 2015.
- 2.5 The Charter includes agreements on general communications, liaison activity, elections, financial arrangements, town planning and relevant parts of the Localism Act 2011 such as neighbourhood planning and standards committee arrangements. For example:
 - Bradford Council must respond to enquiries from Local Councils within five working days.
 - Bradford Council arranges liaison meetings with Local Council representatives to discuss shared issues.
 - Local Councils are consultees on planning applications that affect the people who live in their area, giving them direct communications from Bradford Council and the opportunity to provide views on relevant planning matters.
 - An explanation is provided on financial arrangements around precepting options available should a service be transferred from Bradford Council to a Local Council, as well as routine administration matters.
 - Bradford Council should ensure that Local Councils are included in any consultation activity taking place which impacts on their geographical area.
 - Arrangements and responsibilities for elections are also included.

Community Petition

- 2.6 In 2018 a group of residents from the Shipley area formed a group called Campaign for Shipley Town Council (CSTC) - with the purpose of raising interest in a new Local Council for Shipley Ward. Following the receipt of a petition, City of Bradford Metropolitan District Council (the Council) undertook a Community Governance Review (CGR) of polling districts 22B, 22C, 22D and 22E within the Shipley ward. 22A is part of Baildon Town Council.
- 2.7 The petition area contained 10,429 local government electors at the date the petition was submitted, and therefore required at least 782 signatories to be valid. The petition attracted 999 valid signatures, and triggered a Community Governance Review in accordance with the Local Government and Public Involvement in Health Act 2007. The aim of the review is to ensure that local governance arrangements are secured which deliver effective and convenient local government which reflect the identities and interests of the community in that area. Councils should take into account other influential factors, including the impact of community governance arrangements on community cohesion, and the size, population and boundaries of a community.
- 2.8 A map identifying the position of the proposed new parish is attached in Appendix 1.

Community Governance Review

- 2.9 The first requirement of a community governance review is to set out Terms of Reference outlining how that review will be run (see Appendix 3). The Terms of Reference were agreed by the Governance and Audit Committee on the 19th September 2019.

Consultation process

- 2.10 In order to determine the interest of local people in a new Local Council, the consultation was facilitated by the Shipley Area Coordinator's Office. The following opportunities were made available for people to make their representations.
- a) A letter, survey and fact sheet was sent to all households in the area (see Appendix 2).
 - b) Postal communications were sent to stakeholders in the area (including businesses, schools and community organisations).
 - c) Four public drop in sessions were run in October covering each of the four proposed wards in the area – two of these were evening sessions, one was a weekday afternoon and the fourth was on a Saturday afternoon.
 - d) Promotional posters were distributed to local shops/outlets.
 - e) Information has been available on the Bradford Council website including an online survey, factsheet and a link to The Good Councillor's Guide.
 - f) The opportunity has been given to write to the Council using a freepost address or emailing a managed inbox.
 - g) QR (Quick Reference) link to the survey which is an internationally recognised way of allowing people to access web pages by scanning the code with their phone or device.



3. OTHER CONSIDERATIONS

Consultation considerations

- 3.1 During the course of the consultation the issue has been raised by one interested party as to whether some form of referendum should form part of the consultation process. The difficulty with a referendum in this context is that whilst it might help to establish the level of public interest in the proposals, it would not provide the evidence necessary to weigh against the statutory criteria set out at paragraph 3.4 below. What is clear is that a referendum cannot be a substitute for the consultation process required for a community governance review. The Council was obliged by law to conduct a community governance review once a valid petition was received, and as part of that review the recommendations made by the petitioners had to be addressed, including the boundaries of the proposed parish and the name of the proposed parish council, namely Shipley Town Council. Having carried out the community governance review, the Council must take into account any representations received in connection with the review in deciding what recommendations to make, and must publish its recommendations as soon as practicable after formulating them. In addition, the DCLG (Department for Communities and Local Government) guidance requires the Council to take into consideration the views of not only those who live in the area but those who work or have an interest in the area, whose views would not be captured in a referendum process.
- 3.2 Throughout the consultation Council officers sought the views of individuals, answered questions and provided standard information, but as the decision making body deliberately did not seek to influence or support any particular view. The consultation was open for anyone to respond to, though its promotion was kept local with contact made with residents, businesses, community groups, and other establishments operating in the area. People were asked to provide their views on the proposal as a means of providing elected members, as decision makers, with reasons for and against.
- 3.3 As the community governance review undertook a qualitative consultation and was not a referendum, the numbers responding for or against cannot statistically be used to validate a result, as individuals could have responded on more than one occasion. This report therefore focuses on providing an analysis of views provided, to enable decision makers to take a balanced view of the legal tests in the Local Government and Public Involvement in Health Act 2007.
- 3.4 “The Act places a duty on principal authorities to have regard to the need to secure that any community governance for the area under review reflects the identities and interests of the local community in that area, and that it is effective and convenient; relevant considerations which influence judgements against these two principal criteria include the impact on community cohesion, and the size, population and boundaries of the proposed area.”

Level of responses

- 3.5 Over the two month period of consultation 860 representations were made, with the numbers of responses to the different consultation formats as follows:

- Web survey - 404
 - Email - 14
 - Paper survey – 442
- 3.6 In addition 65 members of the public attended the drop in sessions. The full range of comments received can be viewed as a background document. There were more responses in favour of a new Local Council (77%) than there were against (23%).

Summary of comments in support of a new Local Council

- 3.7 There were many reasons given in support of the proposed new Local Council which have been grouped and summarised as:
- Help with economic development
 - Improved maintenance of green spaces
 - Local people have a better understanding of local issues
 - Local decision making
 - Issues would be resolved more efficiently
 - The community would be brought together
 - The town and surrounding area would have a stronger voice
 - Will give Shipley its own budget which it can control
 - Perception of a lack of focus on Shipley by Bradford Council
 - A small amount to pay for the potential benefits
- 3.8 Many of supporting comments were around local people having a better understanding of local issues and a voice in the community. Some respondents felt that issues could be better managed on a more devolved level and that currently Shipley often gets forgotten when the whole district is considered. It was suggested that it would be easier to ‘get things done’ with a Local Council and that local funding would allow the people of Shipley to better target resources where they were needed. Other comments in support included the idea that with a Local Council there would be greater pride in the area, led by people who care for Shipley. This would consequently lead to greater motivation to make things happen and allow a say in Shipley’s future. Examples were the provision of public toilets, traffic issues, flood defence, youth activities and community centres.
- 3.9 The role of a Local Council’s voice on local planning applications was seen as important and useful, as a reliable means of sharing community views with Bradford Council. It was felt the area would have a stronger identity with the opportunity to work with district councillors to keep a focus on the parished area.
- 3.10 Further comments to take into consideration included references to areas that had been parished already and the good work they do eg Baildon, Bingley and Wrose and how they have benefitted from having a Parish/Town Council. It was suggested that more responsibility could be given to communities through a Local Council which would give a greater feeling of ownership and involvement in the decision making process. In addition it was felt that such a body would help attract much needed investment to the area, bringing the community together. It was

suggested that it was a small amount to pay for the potential benefits.

Summary of comments against a new Local Council

3.11 There were many reasons given for not supporting the proposed new Local Council which have been grouped and summarised as:

- The extra cost of the precept.
- The potential for increases in the precept in future years as currently uncapped.
- The area is not representative of the Shipley area.
- Not needing another layer/level of bureaucracy.
- General feeling of a Local Council not being needed and not being a good use of money and a waste of time.
- Local district councillors who are democratically elected do a good job already.

3.12 Many of the comments against a new Local Council mentioned the concern over having to pay additional money through the precept and the extra layer of bureaucracy and that a new Local Council could increase the precept according to their own budget. There was also concern over 'double taxation' with council tax already being paid to Bradford Council. Further comment was made that some might not be able to pay the additional tax such as young working families and retired people. There was also concern over the capability of Local Councils to manage their finances.

3.13 It was suggested that additional Councillors would lead to too many people representing the area and confusion over who was making decisions and who they should raise concerns to.

3.14 It was suggested that there was already good work undertaken by volunteers who don't need to be voted for. Concern was raised by some that a new Local Council might not benefit the whole area equally and favour specific areas.

Local Council ward boundaries and numbers of local councillors

3.15 Guidance recommends that a Local Council which encompasses a number of areas with separate identities, as the Shipley proposal does, be warded in order to ensure fair representation. Therefore should the proposal for a new Shipley Local Council be accepted, the area should be divided into wards, as outlined at point 3.17.

3.16 In arriving at the proposed boundaries, comparisons have been made to the size and representation of other existing parishes within the Bradford Council district area. The guidance provided by the Department for Communities and Local Government has also been applied to the number of electors and level of local councillor representation, to ensure that the proposals fall within the tolerance levels provided.

- 3.17 The table below outlines the suggested wards along with the electorate number and consequent recommendation of numbers of local councillors for each Local Council ward:

Proposed Local Council ward name	Polling district reference	Number of electors	Proposed number of local councillors
Saltaire and Hirst Wood	22B	2818	3
ShIPLEY Centre and Dockfield	22C	1220	2
Nab Wood and Moorhead	22D	3727	3
Northcliffe and Norwoods	22E	2553	3
Total	N/A	10318	11

Ordinary Year of Elections

- 3.18 Ordinary parish elections are held once every four years, with all councillors being elected at the same time. New parish electoral arrangements usually come into force at ordinary parish elections. The standard electoral cycle is for elections in 2019 and every four years after 2019.
- 3.19 In the case of a new Shipley Local Council, if approved, it is recommended, in line with the Communities and Local Government guidance, that elections be held in May 2020 along with the District Council elections and the term of office of the local councillors elected on this occasion is three years. The Local Council elections would thereafter, follow the standard electoral cycle.

4. FINANCIAL & RESOURCE APPRAISAL

- 4.1 As previously stated Local Councils are independent bodies who run their own affairs. However, Bradford Council acts as the billing authority for any precept charged by Local Councils. The Bradford Council and Local Council Charter sets out all other arrangements on mutual financial arrangements.
- 4.2 The Localism Act 2011 imposed the need for local authorities, fire authorities, and Police and Crime Commissioners wishing to raise their council tax by more than 2% to hold a referendum. This cap has to date not been imposed on Local Councils but may be reconsidered as part of this year's Spending Review.
- 4.3 The cost of running the community governance review was £3,866.28 which included mailouts, posters and venue hire for drop-ins.
- 4.4 As a new Local Council would only be formally constituted after the first elections are held (in May 2020), should a new Local Council be formed, Bradford Council will set a 2020-21 local precept on its behalf at the Council Budget Meeting in February 2020.

- 4.5 A precept figure cannot be included in the report at this stage as the council tax base for the next financial year has not yet been set. In reaching a decision on the 2020-21 local precept amount the Council will seek the views of the Shipley Area Committee and District Ward Councillors. The Council will be mindful that Local Councils may in future be subject to referendum limits. It is envisaged that the main cost will be that of a parish clerk. The Council will look at similar sized Local Councils and see for how many hours their clerks are paid and at what grade. The Council will make sure budget is provided for set up costs such as a computer and printer along with web site design. If it is known where the Local Council intends to hold its meetings, a forecast will be made of any rents that will have to be paid. Other running costs that will have to be factored in include printing and stationery and external audit fees and insurance.
- 4.6 The ongoing costs to Bradford Council in relation to Local Councils are through the costs of running elections and through its Standards Committee arrangements for dealing with alleged breaches of that Council's Members Code of Conduct.
- 4.7 Full details of the election cost arrangements are held within Appendix 3 of the Bradford Council and Local Council Charter – <https://www.bradford.gov.uk/media/4129/bradford-council-and-local-councils-charter-2015.pdf>
- 4.7 This requires it to meet the full cost of the first election of a new Local Council and subsequently 100% of the costs of polling stations and count stations of elections held on the same day as Council elections. Local Councils will pay 50% of shared costs (excluding the costs of polling stations and counting stations) and 100% of wholly attributable costs. Local Councils will pay 100% of the costs of stand alone elections.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1 This report specifically relates to setting up new governance arrangements for the area of Shipley. Following the consideration of the matter by the Governance and Audit Committee, a report, which will record the recommendation of Governance and Audit, will be taken to full Council on 14 January 2020. As members will be aware, one of the functions of the Committee is to maintain an overview of the Council's Corporate Governance Framework, Constitution and the partnership arrangements. Full Council will make the decision on the outcome of the community governance review.

6. LEGAL APPRAISAL

- 6.1 The power to take decisions about the creation of Local Councils and their electoral arrangements is delegated to principal councils under part 4 of the Local Government and Public Involvement in Health Act 2007.
- 6.2 Following the undertaking of a community governance review, the Committee must make recommendations as to whether a new Local Council should be constituted. In deciding what recommendations to make, it must have regard to the need to secure that community governance reflects the identities and interests of the community in that area, and is effective and convenient. The Act also provides that

it must take into account any other arrangements that have already been made (apart from those relating to parishes and their institutions) or that could be made, for the purpose of community representation or community engagement. It should take into account other influential factors, including the impact of community governance arrangements on community cohesion and the size, population and boundaries of the local community.

- 6.3 Guidance provides that the recommendations must take account of any representations received and should be supported by evidence which demonstrates that the recommended community governance arrangements would meet the criteria set out in the 2007 Act.
- 6.4 Where a parish has 1000 or more local government electors (as here), the review must recommend that the parish should have a council by virtue of S94 of the 2007 Act.
- 6.5 In undertaking the review, the Council must have due regard to the relevant parts of the Local Government and Public Involvement in Health Act 2007, the relevant parts of the Local Government Act 1972 and the Guidance on Community Governance Reviews issued by the Department for Communities and Local Government and the Local Government Boundary Commission.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

- 7.1.1 One of the fundamental considerations that Bradford Council has had to have regard to through the Community Governance Review process, is to ensure that community cohesion is not impacted as a consequence of the Review and any decision arising from it. No impacts have been revealed.
- 7.1.2 In line with the Public Sector Equality Duty, any disproportionate impacts on protected characteristic groups were also considered. An equality impact assessment was undertaken and no impacts were identified except potentially for those on low incomes/low wages. With the likely introduction of a Local Council precept, those on lower incomes are more likely to be adversely affected.

7.2 SUSTAINABILITY IMPLICATIONS

- 7.2.1 There are no sustainability implications from the options to either implement or not approve a new Local Council.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

- 7.3.1 There are no greenhouse gas emission impacts from the options to either implement or not approve a new Local Council.

7.4 COMMUNITY SAFETY IMPLICATIONS

- 7.4.1 There are no community safety implications from the options to either implement or not approve a new Local Council.

7.5 HUMAN RIGHTS ACT

- 7.5.1 There are no human rights implications from the options to either implement or not approve a new Local Council.

7.6 TRADE UNION

- 7.6.1 None.

7.7 WARD IMPLICATIONS

- 7.7.1 There would be a direct impact on Shipley ward, as should a new Local Council be recommended, there would be an additional layer of governance in this area. This would create a new body for Bradford Council and Shipley Area Committee to consult with on local issues. Shipley Area Committee consults with all parish councils at Area Committee meetings.

8. NOT FOR PUBLICATION DOCUMENTS

- 8.1 None.

9. OPTIONS

- 9.1 **Option 1 – support for a new Local Council with the boundaries suggested in the community petition.**

Members may choose to support the creation of a new Local Council for the Shipley area, to be named Shipley Town Council. The Local Council would be warded with the appropriate number of Councillors allocated as outlined at point 3.17.

- 9.2 **Option 2 – refusal of a new Local Council.**

Members may choose not to support the proposal of a new Local Council being set up in the Shipley area.

10. RECOMMENDATIONS

- 10.1 It is recommended that Members give their support to the establishment of a new Local Council in the Shipley area – as a consequence of meeting the tests in the Local Government and Public Involvement in Health Act 2007, as outlined in paragraph 3.4.
- 10.2 With no significant opinion against a smaller or larger 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.
- 10.3 It is recommended that Members give their support to the new Local Council being named Shipley Town Council, as set out in the petition received in May 2019.

- 10.4 It is recommended that Members give their support to the Local Council area being split into wards as outlined at paragraph 3.17, along with the suggested numbers of local councillors per Local Council ward.
- 10.5 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.
- 10.6 That final approval for the establishment of a new Local Council in the Shipley area be referred to council on 14 January 2020.

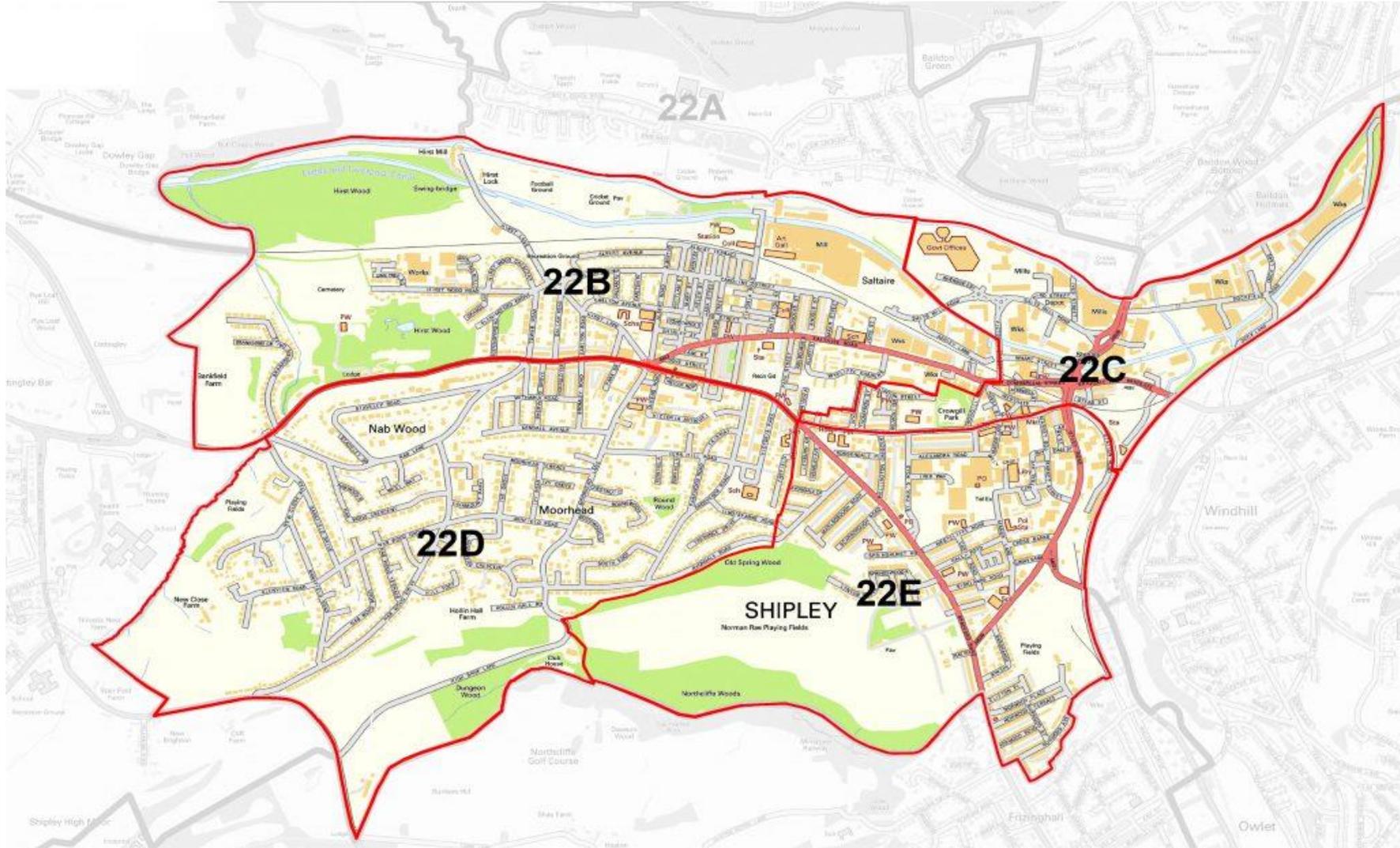
11. APPENDICES

- 11.1 Appendix 1 – Map showing the proposed Local Council boundary
- 11.2 Appendix 2 – Letter to householders with consultation details and fact sheet
- 11.3 Appendix 3 – Terms of Reference

12. BACKGROUND DOCUMENTS

- 12.1 Report of the City Solicitor to the meeting of Governance and Audit Committee on 19 September 2019, document 'Q', Terms of Reference for a Community Governance Review for a new Local Council in the Shipley Ward.
- 12.2 Community Governance Review Guidance – Department for Communities and Local Government, and The Local Government Boundary Commission https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8312/1527635.pdf
- 12.3 Local Government and Public Involvement in Health Act 2007 <http://www.legislation.gov.uk/ukpga/2007/28/contents>

MAP OF PROPOSED LOCAL COUNCIL BOUNDARY



LETTER TO HOUSEHOLDERS WITH CONSULTATION DETAILS AND FACT SHEET

Department of Place

ShIPLEY Area Co-ordinator's Office
Town Hall
ShIPLEY
BD18 3EJ

Email: shIPLEY.parish@bradford.gov.uk

Date: September 2019

Dear Resident

HAVE YOUR SAY**Proposal for a New Town Council for the ShIPLEY area (ShIPLEY Centre, Dockfield, Saltaire, Hirst Wood, Nab Wood, Moorhead, Northcliffe and Norwoods areas)**

Bradford Council is now undertaking a consultation to establish whether the people of ShIPLEY want their own town council.

This consultation (known as a Community Governance Review) is taking place because Bradford Council received a formal petition from a group of residents from the ShIPLEY area.

A parish or town council is a statutory body that is democratically elected. It can serve an area ranging from a small rural community to towns and small cities. It is independently run and raises a precept (a form of Council Tax) from the local community to spend on local priorities.

A fact sheet providing more information on parish councils, what they are and what they can do is included with this letter. A copy of the formal Community Governance Review Terms of Reference is available in ShIPLEY Library and on the Council's website www.bradford.gov.uk/consultations/current-consultations/consultation-and-engagement/ (within 'Proposed new town council for the ShIPLEY area' consultation).

To help Bradford Council reach a decision on whether the town council should be established, we need to hear the views of local people. We encourage you therefore to get in touch. You can do this in a number of ways:

- By completing our online survey – available at www.bradford.gov.uk/consultations/current-consultations/consultation-and-engagement/ or by scanning the QR code opposite
- By completing the enclosed survey and posting it to us using the following address details:
 - On the front of your envelope please write only **FREEPOST BRADFORD COUNCIL** (the new Royal Mail system requires no further address details)
 - On the back of your envelope please write **ShIPLEY – New Parish**



- By emailing us at shingley.parish@bradford.gov.uk
- By attending one of our drop in sessions (below) where you can meet Bradford Council officers:

Venue	Date	Time
St Peter's Church, Moorhead Lane, Shipley BD18 4JN	Monday 14 October	2pm to 4pm
Saltaire Methodist Church, Saltaire Road, Shipley BD18 3HJ	Thursday 17 October	6pm to 8pm
The Kirkgate Centre, 39A Kirkgate, Shipley BD18 3EH	Saturday 19 October	2pm to 4pm
Northcliffe Church, Hall Royd, Shipley BD18 3ED	Wednesday 23 October	6pm to 8pm

The consultation will last until 1 November 2019, after which a decision will be made.

We very much hope you will take the opportunity of sharing your views with us so that you can help the Council decide whether a new town council should be set up and whether your neighbourhood or village should be included in it.

Yours sincerely



Damian Fisher
Shipley Area Co-ordinator

**PROPOSED NEW TOWN COUNCIL FOR THE SHIPLEY AREA
(SHIPLEY CENTRE, DOCKFIELD, SALTAIRE, HIRST WOOD, NAB WOOD,
MOORHEAD, NORTHCLIFFE AND NORWOODS AREAS)**

Fact Sheet

Why is Bradford Council undertaking a review/consultation?

Having received a petition from a group of residents asking for a town council to be established in the Shipley area, Bradford Metropolitan District Council is conducting a Community Governance Review under the Local Government and Public Involvement in Health Act 2007.

What is a Community Governance Review?

A Community Governance Review provides an opportunity for Bradford Council to review and make changes to local governance within an area. This will be supported by a consultation with local people. The aim of the review is to ensure that local governance continues to be effective and convenient, that it reflects the people and interests of local communities and considers the views of local people. The recommendations arising from the Community Governance Review should deliver improved community engagement, more cohesive communities and better local democracy.

What is a town council?

A town council is a tier of local government. It can be known as a parish, town, community or village council. Most town councils are non-political. It has members (councillors) elected by the people who live in its area. It has a clerk, who is an employee of the town council and who looks after the administration of its activities.

The range of services and amenities a town council can provide varies enormously. A town council is an independent organisation and its decisions, assets and liabilities are solely its own responsibility.

What can a town council do?

A town council would not replace Bradford Council, but it can provide additional services in its area. A town council's powers could include the provision of allotments, street cleaners, public toilets, seasonal events, youth activities, management of public gardens, play areas and community centres and the allocation of grants to local organisations.

A town council is a consultee on planning applications that affect the people who live in its area. Bradford Council planners will take the views of a town council into account when making their decisions, although they don't have to agree with them. A town council could also access additional sources of funding specifically aimed at parish or town councils.

The people who run a town council

As well as a paid clerk (often part time), the town council requires a number of local volunteers to stand as town councillors to represent the people of the parish. These volunteers do not need to be a member of a political party. The number required will be established through the Community Governance Review, but in other areas varies from 5 to 30.

Do town councillors get paid or receive allowances?

No, town councillors do not get paid or receive any allowances for the work they do.

Raising money for a town council

A town council raises money by charging a precept to all households in the area. This is in addition to any Council Tax paid to Bradford Council, the Police and Fire Authorities. The town council is required to set its own budget annually and Bradford Council is notified of how much is to be raised through the precept. This is then added to your Bradford Council Tax bill and will vary depending on the Council Tax band of your home. The town council does not charge businesses any additional money. The money raised by a town council can only be spent for the benefit of people living in the area of that town council.

Annual changes to the precept are not capped by Central Government (in the way that a percentage limit is applied to Council Tax). This means that the amount can be increased/decreased by the town council to meet its agreed budget.

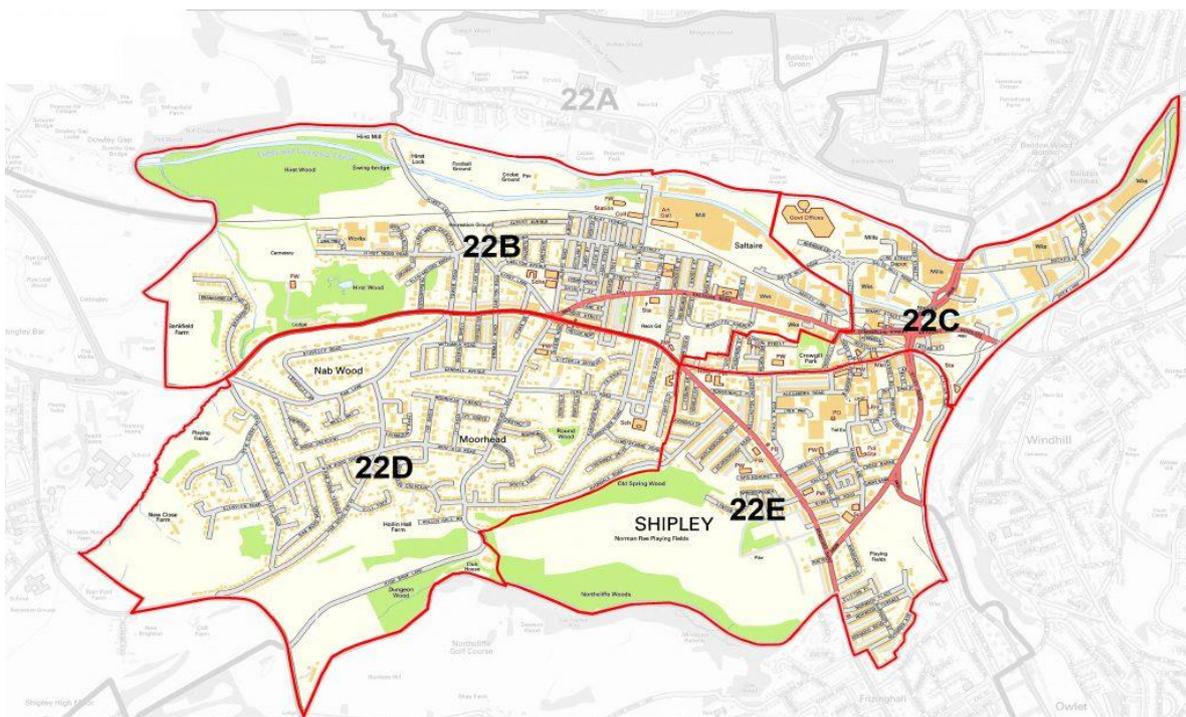
The level of precept charged by parish and town councils in the Bradford district varies from an **annual** charge of £8.50 in Wrose to £67.53 in Burley in Wharfedale for a band D property. For guidance, Bingley Town Council, established in 2016, had a 2018-19 precept of £16.31 for a band D property.

The first precept would be set by Bradford Council. In subsequent years the town council would prepare its own budget and determine the amount of the precept.

What happens next?

At the end of the consultation period and after all the responses have been analysed, if Bradford Council decides to create a new town council, it will appoint a shadow council first, to help establish the new town council's finances, the arrangements for the election of councillors and the first meeting. Following this, the town council will be left to run its own affairs.

A map of the proposed area for a Shipley Town Council



Terms of Reference: Shipley Community Governance Review

Summary:

City of Bradford Metropolitan District Council (the Council) through its Governance and Audit Committee will undertake a Community Governance Review of the Shipley ward and polling districts 22B, 22C, 22D and 22E in order to consider the community governance arrangements within it. These terms of reference set out the terms of that review.

Legal basis for the Review:

The Council is obliged to undertake the review because it has received a request to that effect within a petition submitted to it under Section 80 of the Local Government and Public Involvement in Health Act 2007 (LGPIHA07). The Governance and Audit Committee has determined that the petition is valid.

Subject of the Review:

The Review is to consider whether to recommend the creation of a new parish and, if so, whether it should be named Shipley Town Council.

Conduct of Review:

The Governance and Audit Committee of the Council will undertake the Review in accordance with Article 9 of the Council's Constitution and in compliance with its duties set out in Section 93 of LGPIHA07. It will:

- i. Consider the relevant facts objectively, acting impartially transparently and independently
- ii. Seek to ensure that the community governance arrangements within the area of the Review (as per the attached map) reflect the identities and interests of the community within it and are effective and convenient.
- iii. Take into account any other community governance arrangements (apart from those relating to parishes) that have already been made, or that could be made for the purposes of community representation or community engagement in respect of the same area.
- iv. Consult with Local government electors for the area under review and with any other person or body who appears to have an interest in the review and take their representations into account.
- iv. Record its conclusions within a final written report, together with its recommendations, the reasons for them and any consequential matters arising from its conclusions.

Provisional timetable for the Review

Date	Action
19 September 2019	Terms of reference presented to Governance and Audit Committee
20 September to 1 November 2019	Subject to approval by the GAC, consultation period, with representations invited
1 November 2019	Closing date for representations
28 November 2019	Governance and Audit Committee to receive report with recommendations from the Governance Review
14 January 2020	Subject to approval by the GAC, Council to receive report with recommendations
Elections	To be determined

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