

Minutes of a meeting of the Governance and Audit Committee held on Thursday, 23 March 2023 at 10.30 am in Committee Room 1 - City Hall, Bradford

Commenced 10.34 am
Concluded 1.06 pm

Present – Councillors

LABOUR	CONSERVATIVE	LIBERAL DEMOCRAT
Tait Thornton Godwin	Felstead	Griffiths

Councillor Tait in the Chair

50. ALTERNATE MEMBERS (Standing Order 34)

51. DISCLOSURES OF INTEREST

No disclosures of interest in matters under consideration were received.

52. MINUTES

Resolved –

That the minutes of the meeting held on 26 January 2023 be signed as a correct record.

53. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

54. TREASURY MANAGEMENT STRATEGY 2023-24

The Director of Finance and IT submitted **Document “AC”** which reported on the Treasury Management Strategy 2023-24, the report covered two main areas:

Capital issues

- The capital expenditure plans and the associated prudential indicators;
- The minimum revenue provision (MRP) policy.

Treasury management issues

- The current treasury position;
- Treasury indicators which limit the treasury risk and activities of the Council;
- Prospects for interest rates;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- Creditworthiness policy; and
- The policy on use of external service providers.

Members were unclear on the benefit of Liability Benchmark and sought further clarification.

In response to Members questions it was reported that the Liability Benchmark was the third and new prudential indicator for 2023-24. The Liability Benchmark was based on the current capital plans and cash flow assumptions, which provides the Council with an indication of how much it needed to borrow, when it was likely to need to borrow, and where to match maturities to its planned borrowing needs. The Liability Benchmark made no assumption about the level of future prudential borrowing in unknown capital budgets.

Members sought further clarification on table 7, page 13 of the report relating to interest rates.

In response to Members questions it was reported that the Council had appointed Link Group as its treasury advisor and part of their service was to assist the Council to formulate a view on interest rates, according to table 7 on page 13 of report it was forecasted that the interest rates were tapering off. Further in the future, Link anticipate the Bank of England would be keen to loosen monetary policy when the worst of the inflationary pressures were behind us. The Council was maintaining an under-borrowed position. That meant that the capital borrowing need had not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow had been used as a temporary measure. This strategy was prudent as medium and longer dated borrowing rates were expected to fall from their current levels once prevailing inflation concerns were addressed by tighter non-monetary policy.

Resolved –

That the report Document “AC” be noted and referred to Council for adoption.

ACTION: Director of Finance and IT and Director of Legal and Governance

(Colin Standish – 01274 432361)

55. AUDIT COMPLETION REPORT 2021/22

The External Auditor presented **Document “AD”** which summarised the findings from the audit of the City of Bradford Metropolitan District Council for the year ended 31 March 2022.

The External Auditor reported that subject to the satisfactory completion of the outstanding work, and based on the areas of completed work to date, the Auditors anticipated issuing an unqualified opinion on the Council’s Statement of Accounts. It was reported that this work was still in progress, and the work in respect of the Council’s Value for Money arrangements for the year ended 31 March 2022 was yet to be completed particularly in relation to financial sustainability.

It was reported that despite progress in some areas, Ofsted’s January 2023 inspection report continued to highlight significant concerns around the Council’s progress in addressing significant weaknesses in children’s services. This continued to represent a significant weakness in arrangements in relation to Governance and how the Council implemented or achieved progress on recommendations raised as a result of previous made by Ofsted and external audit.

The Officer further reported, that it was anticipated that the draft audit report would highlight that the significant weakness in Governance reported in March 2022 remained for the year ended 31 March 2022. As part of the 2022/23 audit, Council’s progress in implementing arrangements to address the weaknesses and recommendations made by Ofsted would be followed up.

Members were keen to understand what impact further delays would have on the Council. In response the Council Officer reported that there would not be any legal consequences, however this could potentially impact the Council’s creditworthiness.

Members were also keen to understand why issues were not identified in November 2022. In response, it was reported that delays in infrastructure were expected. However, the national solution was not implemented until late December 2022, which required further work by the Council and subsequent audit work before Mazars could conclude and report on this area. The Officer highlighted details of work that was still outstanding and reported that a follow-up letter would be issued once work in those areas was complete.

Members raised concerns regarding I.T issues reported on page 60 of the report.

Resolved –

That the Audit Completion Report be noted.

(Cameron Waddell – 01913836300)

56. AUDITED STATEMENT OF ACCOUNTS 2021/2022

The Director of Finance and IT submitted report **Document “AE”** which presented the Council’s 2021-22 audited Statement of Accounts and summarised the key points.

Resolved –

That consideration of the 2021-22 Statement of Accounts be deferred to a future meeting.

ACTION: Director of Finance and IT

(Rachel Gledhill-Moseley – 07966307065)

57. COUNTER FRAUD FRAMEWORK

The Director of Finance and IT submitted report **Document “AF”** which reported on a proposal to introduce a new Counter Fraud Framework from April 2023 and beyond and to present any new and/or refreshed policies which are to be included in the framework.

The Officer reported that the Council’s Counter Fraud Policy committed to; -

- Ensuring the people and communities of Bradford District had complete confidence that the Council’s affairs were conducted in accordance with the highest standards of probity, honesty, integrity and accountability.
- A zero tolerance to fraud and corruption.
- Combating fraud and corruption wherever it may arise in relation to any of the Council’s activities or services.

It was proposed that the Council introduce a Counter Fraud framework which would involve 6 interrelated Council policies, strategies and plans, setting out the Council’s collective intentions in respect of fraud and corruption, being brought together under a single framework. In order to comply with this approach, the following policies, strategies and plans had recently been subject to a refresh as follows; -

- **Counter Fraud Policy** - This policy set out the Council’s high level commitment to combatting fraud and corruption and the recent refresh introduces the definitions of fraud, corruption and theft.
- **Counter Fraud Strategy** - This set out the Council’s approach to combatting fraud and corruption and the recent refresh introduces the key priorities for the next two financial years using a strategic approach as recommended for Local Government in its Strategy.
- **Counter Fraud Sanctions Policy** - This policy set out how the Council would apply sanctions and/or pursue criminal action, through the Courts, against those who commit offences of fraud and/or corruption. The policy commits to ensuring that sanctions were applied in a fair and consistent manner and that the sanction decision making process was stringent, robust and transparent.
- **Counter Fraud Response Plan** - This plan was new for 2023 and details the most common types of fraud, corruption and theft likely to be committed against the Council, the responsibilities of all stakeholders e.g. CMT, GAC, Managers, Employees etc. How and when a council employee, elected member and/or the general public should report any concerns of fraud, corruption or theft being committed against the Council, including contact details and tips of what to do and not to do when fraud or corruption was suspected and the investigation process.

- **Anti-Bribery Policy** - This policy set out the Council's stance in relation to the criminal offence of bribery, either directly between two parties or using a third party as a conduit to channel bribes to others. The policy confirms that the Council does not, and will not, pay bribes or offer an improper inducement to anyone for any purpose, nor does it or will it, accept bribes or improper inducements or engage indirectly in or otherwise encourage bribery.
- **Anti-Money Laundering Policy** - This policy set out the procedures which must be followed where money laundering was suspected within the Council.

Members were keen to understand if there were any training sessions members could/need to attend.

In response to this the officer reported the e-learning course was being re drafted, once ready, it would be mandatory for everyone to complete.

Resolved –

That the proposed new Counter Fraud framework and accompanying policies, strategies and plans as detailed in Document “AF” to enhance the Council’s response to fraud and corruption be approved.

ACTION: Director of Finance and IT

(Harry Singh/Tracey Banfield - 07582101209/07582102740)

58. REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE AND AUDIT COMMITTEE AND CONSIDERATION OF THE APPOINTMENT OF INDEPENDENT MEMBERS TO THE GOVERNANCE AND AUDIT COMMITTEE

The Director of Finance and IT submitted report **Document “AG”** the report provided a review of the level of compliance by the Council's Governance and Audit Committee (GAC) with the Chartered Institute of Public Finance and Accountancy (CIPFA) 2022 position statement on Audit Committees in Local Authorities and the Police. The report also covered the GAC's specific responsibilities in relation to the West Yorkshire Pension Fund (WYPF).

Members sought further clarification on appendix A of the report related to Officer Assessment of Bradford Governance and Audit Committee compliance against CIPFA's Position Statement Audit Committee in Local Authorities and Police 2022.

Members were keen on additional training on Governance and Audit due to it being a complex committee. In response the Officer advised that he would work to identify issues and look into making training available for groups of individual training.

Members sought further clarification on how scoring was carried on the officer assessment of Bradford Governance and Audit Committee and actions need to be taken in order to improve scoring.

In response it was reported that in order to make positive changes to improve scoring, the Committee would need to achieve full compliance with the CIPFA guidance. An annual evaluation to be undertaken to assess whether the GAC is fulfilling its terms of reference and that adequate consideration has been given to all core areas. This should include examining how GAC is adding value to the organisation.

Members discussed options of co-opted members and independent members and requested more information on this.

Resolved –

- (1) That the Governance and Audit Committee agree to implement the options from 12.1.1 to 12.1.4 detailed in Document “AG”.**
- (2) That the Governance and Audit Committee recommend to Council, for Article 9 of the Council’s constitution to be amended so that the composition of the Governance and Audit Committee includes either non-voting Independent members or a non-voting Independent Advisor. That the proposal is supported by a report detailing the advantages and disadvantages of the alternatives.**
- (3) That the Governance and Audit Committee recommend to Council that the recruitment process of the Independent Members be delegated to the Director of Finance and IT in consultation with the Chair of Governance and Audit Committee.**

ACTION: Director of Finance and IT and Director of Legal and Governance

(Mark St Romaine – 01274 4328888)

59. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) LOCAL PENSION BOARD MEETINGS HELD 18 OCTOBER 2022

The Managing Director of West Yorkshire Pension Fund submitted “**Document AH**” which reported on the minutes of the WYPF Pension Board meeting held on 18 October 2022.

Resolved -

That the minutes of West Yorkshire Pension Fund (WYPF) Local Pension Board meetings held on 18 October 2022 be noted.

(Matt Mott - 07815 476877)

60. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP HELD 26 JANUARY 2023

The Director of West Yorkshire Pension Fund submitted “**Document “AI”**” which

reported on the minutes of the meeting of the WYPF Joint Advisory Group held on 26 January 2023.

Resolved –

That the minutes of the West Yorkshire Pension Fund Joint Advisory Group held on 26 January 2023 be noted.

(Euan Miller – 01274 434517)

61. WEST YORKSHIRE PENSION FUND FUNDING STRATEGY STATEMENT

The Director of the West Yorkshire Pension Fund submitted **Document “AJ”** which explained that the statement must be kept under review and, after consultation with such persons as were considered appropriate, make such revisions as were appropriate following a material change in its policy.

It was customary for each Local Government Pension Scheme fund to update its Funding Strategy Statement (FSS) as part of the triennial actuarial valuation process, which needed to be completed by 31 March 2023. Approval of the FSS is required to enable the Rates and Adjustment certificate to be signed by WYPF’s Actuary by 31 March 2023 as part of the 2022 valuation process.

Resolved –

That the changes to the Funding Strategy Statement as detailed in Document “AJ” be approved.

ACTION: Director of West Yorkshire Pension Fund

(Euan Miller – 01274 434517)

62. EXCLUSION OF THE PUBLIC

63. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 27 OCTOBER 2022

The Director of West Yorkshire Pension Fund submitted Not for Publication **“Document “AK”** which reported on the minutes of the meeting of the WYPF Investment Advisory Group held on 27 October 2022.

Resolved –

That the minutes of the West Yorkshire Pension Fund Investment Advisory Panel held on 27 October 2022 be noted.

(Euan Miller – 01274 434517)

64. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT

ADVISORY PANEL HELD ON 26 JANUARY 2023

The Director of West Yorkshire Pension Fund submitted Not for Publication “**Document “AL”**” which reported on the minutes of the meeting of the WYPF Investment Advisory Group held on 26 January 2023.

Resolved –

That the minutes of the West Yorkshire Pension Fund Investment Advisory Panel held on 26 January 2023 be noted.

(Euan Miller – 01274 434517)

Chair

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

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