

Minutes of a meeting of the Governance and Audit Committee held on Thursday, 21 September 2023 in Committee Room 3 - City Hall, Bradford

Commenced 10.30 am
Concluded 1.00 pm

Present – Councillors

LABOUR	CONSERVATIVE	GREEN
Tait Thornton Godwin	Felstead	Love

Councillor Tait in the Chair

84. DISCLOSURES OF INTEREST

No disclosures of interest in matters under consideration were received.

85. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

86. INFORMATION GOVERNANCE PERFORMANCE AND ACTIVITY REPORT FOR THE FINANCIAL YEAR 2022/23

The Director of Finance and IT submitted a report (**Document "L"**) that presented the information governance performance and activity outcomes to provide assurance that the Council's information governance arrangements were effective.

The Head of Corporate Investigations, Information Governance & Complaints accompanied with the Corporate Investigations Manager were both in attendance and at the invitation of the Chair gave a synopsis of the report.

Following the outline by the representatives, the committee sought information on what measures would be taken on employees who may inadvertently fail to meet the GDPR's key principles that were regulated by the Information Commissioner's Office (ICO). In response, it was explained that reaction was dependent on the

level of breach. Nevertheless, if it was deemed necessary then training would be given sooner as opposed to the expected planned date.

The committee and officers made the following comments:

- The information contained in the report on the 25% of employees who had breached data security had not completed the annual mandatory training. In light of this information, it was a clear indication of the service failing to meet, not only the expectations of the committee but equally, the statutory requirements of GDPR.
- In response, it was pointed out that in comparison to neighbouring authorities, Bradford was significantly better in compliance with the mandatory requirements outlined by the ICO. Notwithstanding the 25%, the recorded incidents involved employees who had not completed the annual mandatory “Information and the UK GDPR” training. In the meantime, actions were being progressed to ensure compliance improved. Furthermore, the anticipation of all non-compliant employees to complete the necessary training within a 10-working day deadline was to follow.
- It was paramount to learn from past experiences and then to develop other communication tools for the purpose of reminding and sharing vital information on a more direct and regular basis such as sending SMS messages to employees. A more productive form of communication would assist in making employees more aware and comfortable in applying the basic requirements of GDPR requirements.
- There have been instances when senior level officers had left work devices in their cars which is a clear breach of non-compliance.
- In response, if the service was notified of missing devices then ICT would immediately implement encryption code to prevent unauthorised access of data on a missing device.

In bringing the discussion to a close, the Chair praised the service for its attention to compliance and that in comparison to neighbouring authorities, Bradford was in a significant better position.

Resolved –

That the performance and activity information as detailed in the report (Document “L”) be noted.

LEAD: Director of Finance & IT

87. COMPLAINT HANDLING ANNUAL PERFORMANCE AND ACTIVITY REPORT 2022-2023

The Director of Finance and IT submitted a report (**Document “M”**) that gave information on the Council’s complaint handling performance and activity outcomes for the financial year ending 31st March 2023. The report provided assurance to the committee that the Council’s complaint handling arrangements were effective, appropriate and that there was an action plan in place to ensure improvements were made.

At the invitation of the Chair, the Head of Corporate Investigations, Information

Governance & Complaints accompanied with the Corporate Investigations Manager were once again asked to introduce the report to the committee.

Following introduction, and in response to activity outcomes in the key improvement actions for complaint handling performance, the committee showcased bias towards the composition of regular reports for wide departmental circulation. The committee was heavily leaned on regular reports containing detailed analysis of root causes so that improvements would ensure compliance with policy and / or legislation in addition to detailed plans in place to minimise future risk and improve performance.

Resolved –

That the performance improvement information contained in Document “M” be noted and the key actions identified to ensure performance continues to improve, be supported.

LEAD: Director of Finance & IT

88. DRAFT STATEMENT OF ACCOUNTS - 2022/23

The Director of Finance and IT submitted a report (**Document "N"**) which detailed the Council's 2022-23 draft statement of accounts. This report also provided details of the key financial points from the accounts.

The Head of Financial Accounting was in attendance and at the request of the Chair, gave a summary to the committee on the key financial implications as of 31 March 2023 from the 2022-23 statement of accounts, as listed in the report.

A question and answer (Q&A) session ensued:

- Information was sought on the 'list of participating employers contributed fund', as to the reason why a breakdown on ward-by-ward basis was not provided?
 - A more detailed breakdown of information had not been requested for at a previous meeting. However, the subject of ward by ward basis could be addressed in reports for future meetings of this committee.
- An explanation on the difference between usable and unusable reserves was requested?
 - Usable reserves was a budget that was applied to fund expenditure. The unusable reserves budget contained funds that could not be used to provide services or used for everyday running costs. Unusable reserves held funds that had unrealised gains or losses, such as buildings assets whose value changed over time
- What was the reason for re-profiling the Capital Investment Plan (CIP) budgeted for 2022-23 at £203.4m to £168.4m?
 - Since the agreement of the 2022-23 budget in the first monitoring report, the adjustment to CIP budgets was a consequence of newly approved schemes.

During closing remarks, the committee kindly suggested that future reports

contain information outlined in layman's terms. A simplified version would assist the committee in acquainting itself with the complex and technical language that only individuals specialised in the technical area of finance would be able to understand.

Resolved –

- (1) That the 2022-23 draft statement of accounts, as contained in Document “N”, be noted.**
- (2) That the Children’s Trust Board present a report at a future meeting of the Governance and Audit Committee, in municipal year 2023/24, outlining its governance and audit structure and, detailing the financial elements of the trust.**

ACTION: Director of Finance & IT

89. ANNUAL GOVERNANCE STATEMENT 2022/23

The Director of Finance and IT submitted a report (**Document "O"**) which set out the requirement to conduct the annual review of the effectiveness of the Council’s governance framework and system of internal control. It reported the conclusions of that review and produced the Annual Governance Statement for 2022-23.

The Head of Internal Audit, Insurance and Risk was present and at the request of the Chair, gave a synopsis of the report. During introduction, he turned the committee’s attention to a specific abstract within the report that illustrated the work undertaken by Internal Audit throughout the year. Whilst taking into account other internal and external assurance processes, the feedback of Internal Audit was that overall, the internal control environment risk management and governance framework of the Council was effective.

A Q&A session ensued:

- Where did the authority stand in relation to the appointment of auditors?
 - There had been an increasing national backlog in the external audit of Councils’ Statement of Accounts. This had been due to a shortage in capacity in the external audit market, whilst Bradford had been able to avoid the early impact of these delays the Council’s Statement of Accounts for 2021/22 was still to receive its Audit completion certificate.
 - The Director of Finance and IT was also in attendance and went further by shedding light on the audit requirements of the Bradford Children and Families Trust. The formation of the trust in April 2023 had been accompanied with a £10.8 million in grant funding. The trust with the funding was subject to the condition of the trust undergoing regular reviews. Currently, the trust was in the middle process of a review and for the sake of transparency, the assessors were given free access to all information. So far, the lead reviewer had not raised any negative feedback that would cause concerns.
- What was the authority’s performance of on its governance arrangements?

- No issues had been identified to date that would warrant a further significant governance issue to be reported in the annual governance statement (other than those currently included).

Resolved –

That the Governance and Audit Committee authorise the Leader of the Council and the Chief Executive to sign the document as detailed in Document “O”, on behalf of the Council, to accompany the Statement of Accounts 2022-2023.

ACTION: Director of Finance & IT

90. WEST YORKSHIRE PENSION FUND (WYPF) REPORT AND ACCOUNTS 2022/23

The Director of West Yorkshire Pension Fund submitted a report (**Document "P"**) which provided a summary of West Yorkshire Pension Fund’s financial position at the end of the year and key financial activities during the year ended 31 March 2023.

The Financial Controller WYPF was in attendance and at the request of the Chair, introduced the report to the committee.

A Q&A session ensued:

- At what stage in the process was the department in identifying and investing in fossil fuel?
 - There was pressure to move away from fossil fuel however this was not the authority’s policy but moreover, very committed active in evaluating various options. In terms of activity, extensive work was being undertaken and wide discussions were taking place with multiple companies in response to the Council’s commitment in promoting the green agenda.
 - The Council was committed in investing in ever increasing new technology directly from the private sector;
- In regard to Investment Management Strategy (IMS), clarification was sought on whether the council had assets?
 - The council did not have assets but a fund which was an investment portfolio that was being managed in-house on a day-to-day basis, supported by the fund’s external advisers. Investment strategy and asset allocation were agreed at quarterly meetings of the Investment Advisory Panel. There were nineteen professional investment managers and twelve administration settlement staff in the in-house investment team;
- In relation to the investment performance in 2022/23, the report details investments having made a positive return of 0.6%, against a benchmark return of -1.1%. On what basis was a benchmark of -1.1% made? and,
 - This was a FTSE 100 formula condition on waiting average for tracking real time financial markets. The council had various own set benchmarks and the authority was performing better than meeting

the benchmarks;

- How regular was the pattern of Scottish Widows not being able to provide details of pension contributions?
 - This also concerned individual savers contributions, however the expectation of being provided with details was anticipated.

Resolved –

- 1) **That the content of the West Yorkshire Pension Fund annual report and account as detailed in report Document “P” be noted.**
- 2) **That the financial and service performance details, as contained in Document “P” be noted.**

LEAD: Managing Director, West Yorkshire Pension Fund (WYPF)

91. EXTERNAL AUDIT STRATEGY MEMORANDUM WEST YORKSHIRE PENSION FUND (WYPF)

The External Auditor submitted a report (**Document “Q”**) which reported on the Audit Strategy Memorandum of West Yorkshire Pension Fund (WYPF). The report gave a summary view of the auditors’ strategy for completing their audit of the WYPF accounts in line with best practise.

The provided a detailed summary of the report to the committee.

The committee sought an example of a valuation of investments within level 3 of the fair value hierarchy and related disclosures was sought. In response, it was explained that Level 3 were assets whose value was based on unobservable inputs, and consequently the estimation uncertainty for these assets was more significant than for assets valued at level 1 and 2.

The committee requested the reason on why the anticipation for the overall materiality for the year ending 31 March 2023 would be in the region of £179m and not set at £180m. In response, this figure was calculated on a strict formulation basis and to round up the figure lead to providing incorrect information to the committee.

Resolved –

That the Audit Strategy Memorandum of WYPF (Document “Q”) be approved.

LEAD: Managing Director, West Yorkshire Pension Fund

92. EXTERNAL AUDIT STRATEGY MEMORANDUM CBMDC

The External Auditor submitted a report (**Document “R”**) that set out the plan for the external audit of the City of Bradford Metropolitan District Council (CBMDC) for the financial year 2022-23.

Resolved –

That the Audit Strategy Memorandum of City of Bradford Metropolitan District Council as detailed in Document “R” be approved.

LEAD: Director of Finance & IT

93. AMENDMENTS TO THE CONSTITUTION - CONTRACT STANDING ORDERS AND FINANCIAL REGULATIONS

The Director of Finance and IT submitted a report (**Document “S”**) outlining details of the annual review of the Contract Standing Orders and Financial Regulations sections of the Council’s Constitution and made recommendations for its amendment.

Resolved –

That the proposed changes to Contract Standing Orders and Financial Regulations as set out in Document “S” be recommended for approval to the Council to support improvements in the organisation’s finance and procurement processes and procedures.

ACTION: Director of Finance & IT

94. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP HELD ON 27 JULY 2023

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

In accordance with this requirement, the Director of West Yorkshire Pension Fund submitted a report (**Document “T”**) which reported on the minutes of the meeting of the WYPF Joint Advisory Group held on 27 July 2023.

Resolved –

That the minutes of the West Yorkshire Pension Fund Joint Advisory Group held on 27 July 2023 be noted.

LEAD: Director of Finance & IT

95. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during the consideration of the item relating to the minutes of the West

Yorkshire Pension Fund Investment Advisory Panel meeting held on 27 July 2023 because the information to be considered is exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972. It is also considered that it is in the public interest to exclude public access to this item.

LEAD: Director of Governance (Monitoring Officer)

96. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 27 JULY 2023

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

In accordance with this requirement, the Director of West Yorkshire Pension Fund submitted a report (Not for Publication (Document "U") which reported on the minutes of the meeting of the WYPF Investment Advisory Panel held on 27 July 2023.

Resolved –

That the recommendation contained in Not For Publication Document "T" be approved.

Managing Director, West Yorkshire Pension Fund

Chair

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

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