

GUILDFORD BOROUGH COUNCIL



BILLINGTON MAYOR

Contact Officer:

John Armstrong,
Democratic Services and Elections Manager
Tel: 01483 444102

28 September 2020

To the Councillors of Guildford Borough Council

You are hereby summoned to attend a meeting of the Council for the Borough of Guildford which **will be held virtually via Microsoft Teams on TUESDAY, 6 OCTOBER 2020** commencing at 7.00 pm.



James Whiteman
Managing Director

Millmead House
Millmead
Guildford
Surrey GU2 4BB

www.guildford.gov.uk

WEBCASTING NOTICE

This meeting will be recorded for live and/or subsequent broadcast on the Council's website in accordance with the Council's capacity in performing a task in the public interest and in line with the Openness of Local Government Bodies Regulations 2014. The whole of the meeting will be recorded, except where there are confidential or exempt items, and the footage will be on the website for six months.

If you have any queries regarding webcasting of meetings, please contact Committee Services.

THE COUNCIL'S STRATEGIC FRAMEWORK

Vision – for the borough

For Guildford to be a town and rural borough that is the most desirable place to live, work and visit in South East England. A centre for education, healthcare, innovative cutting-edge businesses, high quality retail and wellbeing. A county town set in a vibrant rural environment, which balances the needs of urban and rural communities alike. Known for our outstanding urban planning and design, and with infrastructure that will properly cope with our needs.

Three fundamental themes and nine strategic priorities that support our vision:

- | | |
|---------------------|--|
| Place-making | Delivering the Guildford Borough Local Plan and providing the range of housing that people need, particularly affordable homes |
| | Making travel in Guildford and across the borough easier |
| | Regenerating and improving Guildford town centre and other urban areas |
| Community | Supporting older, more vulnerable and less advantaged people in our community |
| | Protecting our environment |
| | Enhancing sporting, cultural, community, and recreational facilities |
| Innovation | Encouraging sustainable and proportionate economic growth to help provide the prosperity and employment that people need |
| | Creating smart places infrastructure across Guildford |
| | Using innovation, technology and new ways of working to improve value for money and efficiency in Council services |

Values for our residents

- We will strive to be the best Council.
- We will deliver quality and value for money services.
- We will help the vulnerable members of our community.
- We will be open and accountable.
- We will deliver improvements and enable change across the borough.

Time limits on speeches at full Council meetings:	
Public speaker:	3 minutes
Response to public speaker:	3 minutes
Questions from councillors:	3 minutes
Response to questions from councillors:	3 minutes
Proposer of a motion:	10 minutes
Secunder of a motion:	5 minutes
Other councillors speaking during the debate on a motion:	5 minutes
Proposer of a motion's right of reply at the end of the debate on the motion:	10 minutes
Proposer of an amendment:	5 minutes
Secunder of an amendment:	5 minutes
Other councillors speaking during the debate on an amendment:	5 minutes
Proposer of a motion's right of reply at the end of the debate on an amendment:	5 minutes
Proposer of an amendment's right of reply at the end of the debate on an amendment:	5 minutes

AGENDA

1. APOLOGIES FOR ABSENCE

2. DISCLOSURES OF INTEREST

To receive and note any disclosable pecuniary interests from councillors. In accordance with the local Code of Conduct, a councillor is required to disclose at the meeting any disclosable pecuniary interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must also withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, the councillor must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

Councillors are further invited to disclose any non-pecuniary interest which may be relevant to any matter on this agenda, in the interests of transparency, and to confirm that it will not affect their objectivity in relation to that matter.

3. MINUTES (Pages 7 - 22)

To confirm the minutes of the meeting of the Council held on 28 July 2020.

4. MAYOR'S COMMUNICATIONS

To receive any communications or announcements from the Mayor.

5. ELECTION OF LEADER OF THE COUNCIL

Following the resignation of Councillor Caroline Reeves as Leader of the Council on 22 September 2020, there is a vacancy in the position of Leader. In accordance with Article 6 of the Constitution, the new Leader will be elected at the first meeting of the Council following such vacancy for a term of office expiring on the day of the post- election annual meeting which follows his or her election.

The Council will receive the report of the Democratic Services and Elections Manager on nominations received in respect of the election of the Leader of the Council.

Council Procedure Rule 21 (b) requires that a councillor proposing to nominate another councillor as Leader must notify the Democratic Services and Elections Manager of their nomination before the meeting at which the election is to be held.

6. LEADER'S COMMUNICATIONS

To receive any communications or announcements from the Leader of the Council.

7. PUBLIC PARTICIPATION

To receive questions or statements from the public.

8. CONSIDERATION OF PETITION: "CITIZENS' ASSEMBLY ON THE CLIMATE CRISIS" (Pages 23 - 30)

9. QUESTIONS FROM COUNCILLORS

To hear questions (if any) from councillors of which due notice has been given.

10. CAPITAL AND INVESTMENT OUTTURN REPORT 2019-20 (Pages 31 - 96)

11. REVIEW OF THE COUNCILLORS' CODE OF CONDUCT AND CONSIDERATION OF BEST PRACTICE RECOMMENDATIONS OF THE COMMITTEE ON STANDARDS IN PUBLIC LIFE (Pages 97 - 144)

12. REVIEW OF THE PROTOCOL ON COUNCILLOR-OFFICER RELATIONS (Pages 145 - 164)

13. EXECUTIVE ADVISORY BOARDS (EABS) - REVIEW OF STRUCTURE AND REMIT (Pages 165 - 192)

14. NOTICE OF MOTION DATED 18 SEPTEMBER 2020: OPPOSITION TO SINGLE UNITARY AUTHORITY FOR SURREY

In accordance with Council Procedure Rule 11, Councillor Tony Rooth to propose, and Councillor Christopher Barrass to second, the following motion:

"Guildford Borough Council opposes a single Unitary Authority for Surrey; and supports opposition throughout Guildford and Surrey to a single Unitary Authority for Surrey. The Council

RESOLVES:

To instruct the Managing Director to urgently relay our opposition to a single Unitary Authority for Surrey to residents throughout Guildford and Surrey, the Secretary of State for Housing, Communities and Local Government, Surrey County Council, other Surrey borough and district councils and other appropriate bodies and organisations."

15. NOTICE OF MOTION DATED 22 SEPTEMBER 2020: PROPOSAL TO SUPPORT THE LOCAL ELECTRICITY BILL

In accordance with Council Procedure Rule 11, Councillor Deborah Seabrook to propose the following motion:

“That Guildford Borough Council

- (1) acknowledges the efforts that this Council has made to reduce greenhouse gas emissions and promote renewable energy;
- (2) further recognises:
 - that very large financial setup and running costs involved in selling locally generated renewable electricity to local customers result in it being impossible for local renewable electricity generators to do so,
 - that making these financial costs proportionate to the scale of a renewable electricity supplier’s operation would enable and empower new local businesses, or councils, to be providers of locally generated renewable electricity directly to local customers, and
 - that revenues received by new local renewable electricity providers could be used to help improve the local economy, local services and facilities and to reduce local greenhouse gas emissions;
- (3) accordingly resolves to support the Local Electricity Bill, supported by 187 MPs which, if made law, would establish a Right to Local Supply which would promote local renewable electricity supply companies and co-operatives by making the setup and running costs of selling renewable electricity to local customers proportionate to the size of the supply operation; and
- (4) further resolves to:
 - inform the local media of this decision,
 - write to local MPs, asking them to support the Bill, and
 - write to the organisers of the campaign for the Bill, Power for People, (at 8 Delancey Passage, Camden, London NW1 7NN or info@powerforpeople.org.uk) expressing its support.”

16. MINUTES OF THE EXECUTIVE (Pages 193 - 200)

To receive and note the attached minutes of the meetings of the Executive held on 21 July and 25 August 2020.

17. COMMON SEAL

To order the Common Seal to be affixed to any document to give effect to any decision taken by the Council at this meeting.

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GUILDFORD BOROUGH COUNCIL

Draft Minutes of a meeting of Guildford Borough Council held via Microsoft Teams on Tuesday 28 July 2020.

- * Councillor Richard Billington (Mayor)
- * Councillor Marsha Moseley (Deputy Mayor)

- | | |
|----------------------------------|-------------------------------|
| * Councillor Paul Abbey | * Councillor Ted Mayne |
| * Councillor Tim Anderson | * Councillor Julia McShane |
| * Councillor Jon Askew | * Councillor Ann McShee |
| * Councillor Christopher Barrass | * Councillor Bob McShee |
| * Councillor Joss Bigmore | Councillor Masuk Miah |
| * Councillor David Bilbé | * Councillor Ramsey Nagaty |
| * Councillor Chris Blow | * Councillor Susan Parker |
| * Councillor Dennis Booth | * Councillor George Potter |
| * Councillor Ruth Brothwell | * Councillor Jo Randall |
| * Councillor Colin Cross | * Councillor John Redpath |
| * Councillor Graham Eyre | * Councillor Maddy Redpath |
| * Councillor Andrew Gomm | * Councillor Caroline Reeves |
| * Councillor Angela Goodwin | * Councillor John Rigg |
| * Councillor David Goodwin | * Councillor Tony Rooth |
| * Councillor Angela Gunning | * Councillor Will Salmon |
| * Councillor Gillian Harwood | * Councillor Deborah Seabrook |
| * Councillor Jan Harwood | * Councillor Pauline Searle |
| * Councillor Liz Hogger | * Councillor Paul Spooner |
| * Councillor Tom Hunt | * Councillor James Steel |
| Councillor Gordon Jackson | * Councillor James Walsh |
| * Councillor Diana Jones | * Councillor Fiona White |
| * Councillor Steven Lee | * Councillor Catherine Young |
| * Councillor Nigel Manning | |

*Present

The Council observed a minute's silence in memory of Councillor Patrick Sheard who had passed away on 5 June 2020.

CO9 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Gordon Jackson and Masuk Miah.

CO10 DISCLOSURES OF INTEREST

There were no disclosures of interest.

CO11 MINUTES

The Council confirmed, as a correct record, the minutes of the meetings held on 5 and 19 May 2020. The Mayor signed the minutes.

CO12 MAYOR'S COMMUNICATIONS

The Mayor hoped that everyone was continuing to keep safe and well.

The Mayor reported that he was honoured to participate in the official opening of the new Covid-19 Ward at the Royal Surrey County Hospital in the previous week and commented how quickly the project had been delivered. The Mayor was confident that the team there would do their utmost to care for those in most need in the weeks and months ahead and wished them well.

The local response to the pandemic had been outstanding, with communities and council staff working together to provide support to the most vulnerable residents of our borough. None of this would have been possible without the hard work and commitment of the Council's staff, many of whom had to adjust almost overnight to new ways of working; either from home whilst caring for families, or having been redeployed to a different team, and all of this during an unprecedented and challenging period in our lives. The Mayor was delighted to be able to thank the team at the Spectrum hub personally in the previous week and had a number of staff visits planned in early August, to thank as many staff as possible for their hard work during this very difficult period.

The Mayor commented that the need to support our most vulnerable residents and the local charities that do so much, was now greater than ever. During his Mayoral year, the Mayor would be calling on councillors' support to raise funds for two charities that would help with this: The Mayor of Guildford's Local Support Fund, previously known as the Distress Fund, would continue to provide small financial grants to individuals needing help during difficult times, and The Coronavirus Response Fund, which would be supporting local charities to ensure they survived the impact of the pandemic. All donations to the Coronavirus Response Fund made via the Mayor's fundraising page would be match funded by the Council.

CO13 LEADER'S COMMUNICATIONS

The Leader made a statement on the Council's ongoing response to the COVID-19 pandemic, and in particular the support the Council had provided to date, and continued to provide, to our local communities and businesses. The Leader referred to the statistical information set out in the Order Paper to remind councillors of the extent of the support provided to date, and thanked staff for their commitment and support.

CO14 PUBLIC PARTICIPATION

There were no questions or requests to make statements from the public.

CO15 QUESTIONS FROM COUNCILLORS

(1) Councillor Paul Spooner asked the Lead Councillor for Environment, Councillor James Steel the following question:

"On 20 July 2020, Councillor James Steel in a Guildford Lib Dems Press Release stated that he was pleased to announce a project to decolonise Guildford Borough Council's historic collections. He referenced a strategy timespan of 2020-2024 and stated that this was the top priority for GBC Heritage service to achieve over that period.

The stated process (apparently after discussion and agreement with the GBC leadership) is to:

- 1) Look at where each item came from
- 2) How each item was obtained
- 3) Whether the item should be sent back to place of origin to be displayed in their museums
- 4) For what remains after 3), write ups within the context of Britain's colonial history

The reason for the decision to decolonise the collection is given as being 'coupled' with the Black Lives Matter movement.

I therefore ask the Lead Councillor for Environment:

- (1) why he believes that he has a mandate for decolonising the Guildford collection without any discussion within the wider Council, any motion or policy being presented at Executive or to Full Council
- (2) why no consultation has taken place to affirm that this is the will of the wider community
- (3) confirmation that the leadership at GBC are now 'coupled' with the Black Lives Movement and advise the Council what the partnership means, what are the desired outcomes for the whole community and whether Black Lives Matter takes precedence over All Lives Matter in this context?
- (4) An explanation as to how the Leadership team are going to define 'colonisation' in relation to history?"

The Lead Councillor's response was as follows:

- "(1) The Heritage Service has put together an ambitious action plan 'Heritage Forward Plan' which is required by the Arts Council to ensure we have an accredited museum and embed best practice in managing our museum in which decolonisation is one of those action points. Decolonisation is a contemporary museum issue and one that all museums are now being asked to address. New guidance is currently being written by sector bodies such as the Museums Association to support museums in tackling this issue. In September 2019, a delegation was agreed by the Executive to the Director of Environment in consultation with myself to sign off the forward plan which was due to be submitted in April 2020; however, the Arts Council has delayed this by a year due to Covid. However, given the range of actions which the service wishes to conduct and my wish to have this on public display, the forward plan will be coming to the Executive for discussion and approval at some point in the Autumn as well as other matters in relation to the museum especially the NLHF withdrawing all funding bids across the country (apologies if this was not made clear in my article and has hence been corrected).
- (2) We will be talking to and consulting with relevant museum and heritage stakeholders such as the Council's own Museum Working Group, the Heritage Forum and Friends of Guildford Museum on the Heritage Forward Plan in due course. On a national scale we would be following the guidance of the Arts Council England, the Museums Association, and other professional organisations. The Museums Association is drawing up decolonisation guidance and checklists for museums to follow. The cultural and heritage sector is now taking the issue of decolonisation very seriously and we may find that when funding bodies such as NLHF and ACE relaunch their funding streams post Covid, that there is an emphasis on projects that address decolonisation and democratisation of collections. Therefore, we would put ourselves in a good position for future fundraising by being proactive on this matter. We are aware of some work that has been done in the past (2007) by the service in checking connections to our colonial past; however, we should not remain complacent about the matter and we need to reach out to minority groups as part of the process of displaying the various narratives objects can tell.
- (3) I will take this question and answer in two parts. First there seems to be a misunderstanding on the term 'coupled' in relation to my article. The term was used to bring together sources of information, in this instance the murder of George Floyd, the protests happening throughout Western society and the Black Lives Matter movement. It was not a reference to a coupling of organisations such as the 'coupling' Guildford has with Freiburg. Decolonisation practice in museums has been happening for a couple of years now and the action to 'decolonise' the collections was in the Forward Plan before the Black Lives Matter protests. The

public response to the recent Black Lives Matter protests has been a catalyst to push decolonisation up the agenda.

Second, I find it troubling that the leader of the Conservative Independent Group would want to push the term 'All Lives Matter'. The usage of this type of language is incredibly dangerous as it completely dismisses the persecution and discrimination faced by ethnic minorities within and outside the borough of Guildford on a daily basis. I must add that I'm a straight white man and do not speak on behalf of the ethnic minorities of Guildford or beyond.

- (4) I fail to see the connection between the Executive's view on what is meant by colonisation and the work that will be conducted. Defining decolonisation is a matter of international debate and discussion and we will take our lead from professional bodies.

Decolonisation as a framework for re-evaluation of museum collections, has only recently entered contemporary museum practice, with the recent think piece by the Museums Association entitled 'Empowering Collections' recommending "a proactive approach to the democratisation and decolonisation of museums (Museums Association, 2019)." Case studies of decolonisation in museum practice have tended to focus on ethnographic collections; however, it is a useful framework to reflect on any group of people considered 'other' to the dominant narrative.

For a museum without ethnographic collections (such as Guildford museum) the process of democratisation and decolonisation would involve recognising potential and unconscious bias in the collections and then seeking evidence, objects and testimonies that tell alternative narratives. These might include histories of people with disabilities, women, working class people, people who identify as LGBTQ or people with BAME heritage.

The Forward Plan states an aspiration to decolonise the collections, but the process is yet to be defined. It is likely that we will start by creating a decolonisation strategy or policy, linked to a research strategy, and based on museum sector best practice guidance. Decolonisation is likely to be an ongoing process that will happen via a series of smaller research projects. These will include consultation and collaboration with stakeholders and communities and may result in an exhibition or redisplay of a section of the museum.

Executive approval could be considered for any items that it might be felt should be repatriated or subject to restitution. There are strict guidelines and practice regarding the process for disposal, including for repatriation. Any objects proposed for repatriation would be subject to the policies and processes set out in the museum's Collections Development Policy. Ethical guidance on disposal including repatriation is provided by the Museums Association Code of Ethics."

Councillor James Steel
Lead Councillor for Environment

In response to a supplementary question from Councillor Spooner, in which he asked the Lead Councillor:

- (a) whether the decolonisation work would apply not only to the museum collections but also to all heritage assets; and
- (b) whether ethnic minorities were all black

the Lead Councillor confirmed in relation to (a) that the scope of the work would be defined in due course, but the crux would be based around the collections and the Museum project. In relation to (b), the Lead Councillor would respond by email.

Councillor Susan Parker asked a supplementary question to enquire whether, in view of comments in the press suggesting that the Museum collections were essentially local with very few relics of colonialism, and given the current crisis, the completion of an inventory of artefacts was appropriate?

The Lead Councillor responded by stating that the Arts Council England and other government bodies had drawn up checklists around decolonisation projects and where we want the museum to be placed to ensure that we keep up with the trends and ethics being promoted by these national bodies around museums.

Councillor George Potter asked a supplementary question to enquire whether

- (a) the digital cataloguing of the museum collections an ongoing task, and if so whether the decolonisation work will be done as part of an existing exercise and
- (b) the Lead Councillor was aware of the work done on Surrey local history in respect of the numerous links of several prominent local families to the slave trade.

Councillor James Walsh asked a supplementary question to enquire as to what wider consultations would be carried out in respect of this exercise.

The Lead Councillor responded by quoting from Tristram Hunt from the V&A Museum:

'The arguments against decolonisation seem to be: that it's not a nuanced approach - but the purpose of decolonising is to add depth, breadth and new knowledge to collections; and that it's rewriting history. Reality check - this is what museums and historians do all the time.'

To decolonise is to add context that has been deliberately ignored and stripped away over generations. There are many examples of the misrepresentation of objects in museum displays that have only been corrected after dialogue with source communities. And there are countless instances where interpretation still needs to be rectified and stories freshly told.'

It's easy to dither and defend the status quo but it is far more challenging and rewarding to tackle these issues. The question for me is not why should we rethink these collections and our relationships with source communities, but can we afford not to?'

Councillor Maddy Redpath asked a supplementary question to enquire as to whether councillors will, in future, be informed about initiatives by email before they are brought into the public domain rather than via the Liberal Democrats' website.

The Lead Councillor responded by stating that he had apologised to the R4GV group leader, Councillor Joss Bigmore for the manner by which this announcement had been made, but had agreed with him the steps to be taken.

- (2) Councillor George Potter asked the Leader of the Council, Councillor Caroline Reeves, the following question:

"Does the Council Leader agree that proposals to create a single, Surrey-wide unitary authority are incompatible with the principles of localism and could jeopardise our excellent COVID-19 response and public services? Will she agree to urgently

investigate alternative options for unitary authorities, and the timing of a reorganisation, that may be more advantageous to our residents and our borough?"

The Leader of the Council's response was as follows:

"At our regular Surrey Leaders meeting on 17 July we discussed the proposal by Surrey County Council to create a single unitary authority, outlined in an email each leader received on Tuesday 14 July. There was agreement that it was very unfortunate that the leader of Surrey County Council did not consult with any of the borough and district leaders before announcing the plan, in spite of having explained it to all the Surrey MPs.

The general opinion of the borough and district leaders was that a single unitary authority would be too large and would have a detrimental impact on the social cohesion of the communities within each of the boroughs and districts. Furthermore, the poor timing of the SCC proposals takes the focus away from the need to ensure that we continue to work in partnership with SCC and others to support our communities and businesses in recovering from the devastating effects of the COVID-19 pandemic.

The majority of Borough and District Leaders agreed to send a letter to the Secretary of State to voice our concern, and that leaders and the relevant chief executives would work together to put forward alternative proposals. A copy of the letter is appended to this Order Paper. A contribution of £10,000 from each authority was suggested by the relevant leaders as an appropriate contribution from each relevant authority to commission the work looking at this further. The final amounts, and the scale of the required work, is still under consideration but it would still be preferable if Surrey County Council could work with us and be open to exploring further options.

I understand that not all councillors at this authority disagree with the approach of a single unitary, however the majority do favour a unitary arrangement (more than one unitary council in the county) to replace Surrey County Council and the 11 boroughs and districts. We have heard some suggested timescales coming out of Surrey County Council (that do need to be confirmed by SCC) with submission of a full business case/proposal in September 2020, 'consult' November/December 2020, shadow councils in April/May 2021 and implement in 2022.

The key concern is there has been no consultation with us, and it leaves very little time for the relevant Boroughs and Districts to work up agreed alternative proposals for the Government to consider. My suggestion is that when the government White Paper has been published, we convene an extraordinary council meeting to discuss the way forward, if there is one.

As you all know, County Council elections are planned for May 2021 and we need to have some guidance about whether this process will be affected by this unitary discussion. I will update Councillors as soon as I know. Whilst we all understand the arguments about efficiency and clarity in relation to the unitary agenda generally, the omission of consultation with us, and the residents and businesses who will be most impacted, indicates a total lack of respect for local democracy and has not assisted in allowing balanced and inclusive discussion".

Councillor Caroline Reeves
Leader of the Council

In response to a supplementary question from Councillor Potter regarding the point at which an extraordinary Council would be convened, the Leader confirmed that the position was

currently uncertain but that as soon as we have sufficient information to enable the Council to debate the matter, an extraordinary meeting would be called.

CO16 REVIEW OF ALLOCATION OF SEATS ON COMMITTEES

The Council received the report of the proper officer (Democratic Services and Elections Manager) on the review of the allocation of seats on committees, consequent upon the following:

- the death of Councillor Patrick Sheard on 5 June 2020, which had resulted in the reduction in the membership of the Guildford Greenbelt Group on the Council to three; and
- the constitution of a new political group on the Council (the 'Conservative Independent Group'), with effect from 2 July 2020

The political balance on the Council was now:

Guildford Liberal Democrats: 17
Residents for Guildford and Villages: 16
Conservatives: 4
Conservative Independent Group: 4
Guildford Greenbelt Group: 3
Labour: 2
Independent: 1
Vacancy: 1

The Council noted that, due to the ongoing COVID-19 pandemic, it was not currently possible to hold a by-election in respect of the vacancy in the Send ward until 6 May 2021.

Under Council Procedure Rule 23, whenever there was a change in the political constitution of the Council, the Council must, as soon as reasonably practicable, review the allocation of seats on committees to political groups.

The Council was informed that following Councillor Sheard's death group leaders had discussed, and had informally agreed, that as it was not possible to hold a by-election, there should be no change in the Guildford Greenbelt Group's current allocation of seats pending such by-election in May 2021. It was possible for the Council to determine that no changes be made to the current numerical allocation of seats to the Guildford Greenbelt Group until a by-election is held, provided that no councillor voted against the proposal at this meeting. If that were agreed, the Council would then have to agree a numerical allocation of seats on committees to accommodate the new Conservative Independent Group for the remainder of the 2020-21 Municipal Year, which could be done by way of a simple majority vote.

In that regard, the report had set out two options setting out calculations of numerical allocation of seats on committees dependent on the outcome of the vote in respect of whether any changes should be made to the allocation of seats to the Guildford Greenbelt Group.

Accordingly, the Deputy Leader of the Council, Councillor Joss Bigmore proposed a motion to address the above-mentioned matters, which was seconded by the Leader of the Council, Councillor Caroline Reeves.

Following the debate on the motion, Councillor Nigel Manning proposed, and the Deputy Mayor, Councillor Marsha Moseley seconded, the following amendment:

"To amend the proposed allocation of seats in Options 1 and 2 between the Conservative Group and Conservative Independent Group as follows:

Agenda item number: 3

- on the Community EAB, so that both the Conservative Group and the Conservative Independent Group have one seat each; and
- on the Planning Committee, so that the Conservative Group has two seats and the Conservative Independent Group has one seat”.

Following the debate on the amendment, it was put to the vote and was lost. Under the Remote Meetings Protocol, a roll call was taken to record the vote on the amendment, the results of which were 4 councillors voting in favour, 27 against, and 12 abstentions, as follows:

For the amendment

Cllr Andrew Gomm
Cllr Nigel Manning
Cllr Marsha Moseley
Cllr Jo Randall

Against the amendment

Cllr Tim Anderson
Cllr Jon Askew
Cllr Christopher Barrass
Cllr Joss Bigmore
Cllr David Bilbé
Cllr Chris Blow
Cllr Ruth Brothwell
Cllr Colin Cross
Cllr Graham Eyre
Cllr Angela Goodwin
Cllr Gillian Harwood
Cllr Liz Hogger
Cllr Diana Jones
Cllr Steven Lee
Cllr Ted Mayne
Cllr Ann McShee
Cllr Bob McShee
Cllr George Potter
Cllr John Redpath
Cllr Maddy Redpath
Cllr John Rigg
Cllr Will Salmon
Cllr Pauline Searle
Cllr Paul Spooner
Cllr James Walsh
Cllr Fiona White
Cllr Catherine Young

Abstentions

Cllr Paul Abbey
Cllr Richard Billington
Cllr Dennis Booth
Cllr David Goodwin
Cllr Jan Harwood
Cllr Tom Hunt
Cllr Julia McShane
Cllr Ramsey Nagaty
Cllr Susan Parker
Cllr Caroline Reeves
Cllr Deborah Seabrook
Cllr James Steel

Following the vote on the amendment, the Council

RESOLVED:

- (1) That, in the light of the vacancy in the Send ward caused by the death of Councillor Patrick Sheard and the postponement of any by-election to fill that vacancy until 6 May 2021, no changes be made to the Guildford Greenbelt Group’s current allocation of seats on committees for the 2020-21 municipal year as agreed by the Council on 19 May 2020 and shown in Appendix 1 to the report submitted to the Council.

Under the Remote Meetings Protocol, a roll call was taken to record the vote on paragraph (1) of the motion above, the results of which were 41 councillors voting in favour, none against, and 3 abstentions, as follows:

For para (1) of the motion

Against para (1) of the motion

Abstentions

Cllr Paul Abbey
Cllr Tim Anderson
Cllr Jon Askew
Cllr Christopher Barrass
Cllr Joss Bigmore
Cllr David Bilbé
Cllr Chris Blow
Cllr Dennis Booth
Cllr Ruth Brothwell
Cllr Colin Cross
Cllr Graham Eyre
Cllr Andrew Gomm
Cllr Angela Goodwin
Cllr David Goodwin
Cllr Gillian Harwood
Cllr Jan Harwood
Cllr Liz Hogger
Cllr Tom Hunt
Cllr Diana Jones
Cllr Steven Lee
Cllr Nigel Manning
Cllr Ted Mayne
Cllr Julia McShane
Cllr Ann McShee
Cllr Bob McShee
Cllr Ramsey Nagaty
Cllr Susan Parker
Cllr George Potter
Cllr Jo Randall
Cllr John Redpath
Cllr Maddy Redpath
Cllr Caroline Reeves
Cllr John Rigg
Cllr Will Salmon
Cllr Deborah Seabrook
Cllr Pauline Searle
Cllr Paul Spooner
Cllr James Steel
Cllr James Walsh
Cllr Fiona White
Cllr Catherine Young

Cllr Richard Billington
Cllr Marsha Moseley
Cllr Tony Rooth

- (2) That, in the light of the constitution of the new Conservative Independent Group, the proposed numerical allocation of seats on committees for the remainder of the 2020-21 Municipal Year, as shown as Option 1 in Appendix 3 to the report submitted to the Council, and set out below, be adopted.

Committee	Lib Dem	R4GV	Con	Con Ind	GGG	Lab	Ind
Total no. of seats on the Council	17	16	4	4	3	2	1
% of no. of seats on the Council	36.17%	34.04%	8.51%	8.51%	6.38%	4.26%	2.13%
Corp Gov & Standards Cttee (7 seats)	2	2	1	0	1	1	0
Employment Cttee (3 seats)	1	1	0	1	0	0	0
Community EAB (12 seats)	4	5	2	0	1	0	0
Place Making & Innovation EAB (12 seats)	4	4	0	1	1	1	1
Guildford Joint Cttee (10 seats)	4	3	1	1	1	0	0
Licensing Cttee (15 seats)	6	5	1	1	1	0	1
Overview & Scrutiny Cttee (12 seats)	4	4	1	1	1	1	0
Planning Cttee (15 seats)	5	5	1	2	1	1	0
Total no. of seats on committees (Total: 86)	30	29	7	7	7	4	2

Under the Remote Meetings Protocol, a roll call was taken to record the vote on paragraph (2) of the motion above, the results of which were 36 councillors voting in favour, 1 against, and 8 abstentions, as follows:

For para (2) of the motion

Cllr Paul Abbey
 Cllr Tim Anderson
 Cllr Jon Askew
 Cllr Christopher Barrass
 Cllr Joss Bigmore
 Cllr David Bilbé
 Cllr Chris Blow
 Cllr Ruth Brothwell
 Cllr Colin Cross
 Cllr Graham Eyre
 Cllr Angela Goodwin
 Cllr David Goodwin
 Cllr Gillian Harwood
 Cllr Jan Harwood
 Cllr Liz Hogger
 Cllr Tom Hunt
 Cllr Diana Jones
 Cllr Steven Lee
 Cllr Ted Mayne
 Cllr Julia McShane
 Cllr Ann McShee
 Cllr Bob McShee
 Cllr Ramsey Nagaty

Against para (2) of the motion

Cllr Nigel Manning

Abstentions

Cllr Richard Billington
 Cllr Dennis Booth
 Cllr Andrew Gomm
 Cllr Angela Gunning
 Cllr Marsha Moseley
 Cllr Jo Randall
 Cllr Caroline Reeves
 Cllr Tony Rooth

For para (2) of the motion	Against para (2) of the motion	Abstentions
-----------------------------------	---------------------------------------	--------------------

Cllr Susan Parker
Cllr George Potter
Cllr John Redpath
Cllr Maddy Redpath
Cllr John Rigg
Cllr Will Salmon
Cllr Deborah Seabrook
Cllr Pauline Searle
Cllr Paul Spooner
Cllr James Steel
Cllr James Walsh
Cllr Fiona White
Cllr Catherine Young

Reason:

To enable the Council to comply with Council Procedure Rule 23 in respect of the allocation of seats on committees to political groups and with its obligations under the Local Government and Housing Act 1989 in respect of the political proportionality on those committees.

CO17 ELECTION OF VICE-CHAIRMAN OF THE PLANNING COMMITTEE

Upon the motion of the Deputy Leader of the Council, Councillor Joss Bigmore, seconded by Councillor John Rigg, the Council

RESOLVED: That the nomination of Councillor Colin Cross for election as vice-chairman of the Planning Committee for the remainder of the 2020-21 municipal year, be approved.

CO18 OVERVIEW AND SCRUTINY ANNUAL REPORT 2019-20

The Council considered a report which outlined the work undertaken by overview and scrutiny during the past municipal year and, within Appendix 1 to the report, its future work programme as thus far developed in the current circumstances.

Decisions taken during the past municipal year under the 'urgency' provisions and the use of 'call-in' were detailed within the report. In 2019-20, four decisions had been taken under the urgency provisions of the Overview and Scrutiny Procedure Rules, and there had been one call-in.

The report had also been considered by the Overview and Scrutiny Committee at its meeting on 7 July 2020. The Committee had updated the scheduling of its work plan and had commended the Annual Report to Council.

Upon the motion of Councillor Paul Spooner, seconded by Councillor James Walsh, the Council

RESOLVED:

- (1) That the report be commended as the annual report of the Overview and Scrutiny Committee for 2019-20.
- (2) That the current rules relating to call in or urgency provisions remain unchanged.

Reasons:

- Article 8.2(d) of the Council's Constitution requires the Council's Overview and Scrutiny Committee to report annually to Full Council on the work undertaken during the year, its future work programme, and amended working methods if appropriate.

Agenda item number: 3

- Overview and Scrutiny Procedure Rule 16(i) requires the operation of the provisions relating to call-in and urgency to be monitored annually and a report submitted to Full Council with proposals for review if necessary.

CO19 CORPORATE MANAGEMENT TEAM PAY AWARD 2020-21

The Council was reminded that the pay award for all staff in the salary bands below Director level was agreed each year by the Managing Director in consultation with the Leader of the Council. Separate approval from full Council was required for this pay award to be applied to the Managing Director and Director posts.

Councillors noted that the report on this matter had also been considered by the Employment Committee at its meeting on 12 June 2020. The Committee had endorsed the recommendation.

Upon the motion of the Leader of the Council, Councillor Caroline Reeves, seconded by the Deputy Leader of the Council, Councillor Joss Bigmore, the Council

RESOLVED: That a pay award of 2% be approved for the Managing Director and the Director posts with effect from 1 July 2020 in accordance with the Council's adopted Pay Policy Statement.

Reason:

To apply a pay award to the Corporate Management Team posts for 2020-21.

CO20 NOTICE OF MOTION DATED 10 JULY 2020: REVISED COLLECTION OF COUNCIL TAX ARREARS GOOD PRACTICE PROTOCOL

In accordance with Council Procedure Rule 11, Councillor Angela Gunning proposed, and Councillor James Walsh seconded, the adoption of the following motion:

“At a time of increasing financial pressure and rising unemployment, it is important that safeguards are in place to protect and support residents facing the possibility of falling into debt.

The inability to pay council tax is something that can affect us all: from residents dealing with the stress and uncertainty of not being able to pay their bills, to councils increasingly dependent on local income following a decade of central government cuts.

The Citizens' Advice Bureau has worked with the Local Government Association to create a “Revised Collection of Council Tax Arrears Good Practice Protocol” which calls for councils to improve existing practices for offering advice, support and payment options for residents facing difficulties in paying their council tax. A copy is attached as Appendix 1 to the report submitted to the Council.

While Guildford Borough Council has a good record in the collection of council tax arrears, the Labour Group believes that adopting the protocol will strengthen the process by linking debt advice to repayment schemes and enabling early intervention before a crisis point is reached. This will benefit both our residents and the council, which is under increasing pressure to collect as much income as possible to support local services.

To date, 61 councils of all political stripes across England have already adopted the policy and the Labour Group calls on Guildford Borough Council to adopt the protocol as soon as is practical.

This Council resolves to request the Executive:

- (1) To adopt the CAB/LGA “Revised Collection of Council Tax Arrears Good Practice Protocol” as set out in Appendix 1 to the report submitted to the Council.

- (2) To authorise the Director of Resources to report back to the Overview and Scrutiny Committee on the impact of the protocol on council tax collection rates and customer satisfaction one year following its implementation”.

Following the debate on the motion, Councillor George Potter proposed, and Councillor Will Salmon seconded, the following amendment:

Delete everything from the end of 'This Council resolves to request the Executive' onwards and insert:

“To authorise the Director of Resources to review the CAB/LGA “Revised Collection of Council Tax Arrears Good Practice Protocol” as set out in Appendix 1 to the report submitted to the Council and to report back to the relevant EAB with details as to where the Council's current approach differs from the CAB/LGA protocol in order to enable a recommendation on the protocol to be made by the EAB.”

Following the debate on the amendment, it was put to the vote and was carried. Under the Remote Meetings Protocol, a roll call was taken to record the vote on the amendment, the results of which were 32 councillors voting in favour, none against, and 12 abstentions, as follows:

For the amendment

Cllr Tim Anderson
Cllr Jon Askew
Cllr Christopher Barrass
Cllr Chris Blow
Cllr Dennis Booth
Cllr Ruth Brothwell
Cllr Colin Cross
Cllr Angela Goodwin
Cllr David Goodwin
Cllr Gillian Harwood
Cllr Jan Harwood
Cllr Liz Hogger
Cllr Tom Hunt
Cllr Steven Lee
Cllr Nigel Manning
Cllr Ted Mayne
Cllr Julia McShane
Cllr Ann McShee
Cllr Bob McShee
Cllr Ramsey Nagaty
Cllr Susan Parker
Cllr George Potter
Cllr Jo Randall
Cllr Maddy Redpath
Cllr Caroline Reeves
Cllr John Rigg
Cllr Will Salmon
Cllr Deborah Seabrook
Cllr Pauline Searle
Cllr James Steel
Cllr Fiona White
Cllr Catherine Young

Against the amendment

Abstentions

Cllr Paul Abbey
Cllr Joss Bigmore
Cllr David Bilbé
Cllr Richard Billington
Cllr Graham Eyre
Cllr Andrew Gomm
Cllr Angela Gunning
Cllr Marsha Moseley
Cllr John Redpath
Cllr Tony Rooth
Cllr Paul Spooner
Cllr James Walsh

The motion, as amended, therefore became the substantive motion for debate.

Agenda item number: 3

Having debated the substantive motion, the Council

RESOLVED: To authorise the Director of Resources to review the CAB/LGA “Revised Collection of Council Tax Arrears Good Practice Protocol” as set out in Appendix 1 to the report submitted to the Council and to report back to the relevant EAB with details as to where the Council’s current approach differs from the CAB/LGA protocol in order to enable a recommendation on the protocol to be made by the EAB.

Under the Remote Meetings Protocol, a roll call was taken to record the vote on the substantive motion, the results of which were 36 councillors voting in favour, none against, and 8 abstentions, as follows:

For the substantive motion

Cllr Paul Abbey
Cllr Tim Anderson
Cllr Jon Askew
Cllr Christopher Barrass
Cllr Joss Bigmore
Cllr Chris Blow
Cllr Dennis Booth
Cllr Ruth Brothwell
Cllr Colin Cross
Cllr Graham Eyre
Cllr Andrew Gomm
Cllr Angela Goodwin
Cllr David Goodwin
Cllr Gillian Harwood
Cllr Jan Harwood
Cllr Liz Hogger
Cllr Tom Hunt
Cllr Steven Lee
Cllr Nigel Manning
Cllr Ted Mayne
Cllr Julia McShane
Cllr Bob McShee
Cllr Ramsey Nagaty
Cllr Susan Parker
Cllr George Potter
Cllr Jo Randall
Cllr Maddy Redpath
Cllr Caroline Reeves
Cllr John Rigg
Cllr Will Salmon
Cllr Deborah Seabrook
Cllr Pauline Searle
Cllr Paul Spooner
Cllr James Steel
Cllr Fiona White
Cllr Catherine Young

Against the substantive motion

Abstentions

Cllr David Bilbé
Cllr Richard Billington
Cllr Angela Gunning
Cllr Ann McShee
Cllr Marsha Moseley
Cllr John Redpath
Cllr Tony Rooth
Cllr James Walsh

CO21 MINUTES OF THE EXECUTIVE

The Council received and noted the minutes of the meetings of the Executive held on 21 April, 26 May, and 23 June 2020.

CO22 COMMON SEAL

The Council

RESOLVED: That the Common Seal of the Council be affixed to any documents to give effect to any decisions taken by the Council at this meeting.

The meeting finished at 9.13 pm

Signed
Mayor

Date

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Council Report

Ward(s) affected: all

Report of Director of Resources

Author: John Armstrong, Democratic Services and Elections Manager

Tel: 01483 444102

Email: john.armstrong@guildford.gov.uk

Lead Councillors responsible: Jan Harwood

Tel: 07507 505363

Email: jan.harwood@guildford.gov.uk

Date: 6 October 2020

Petition and E-Petition: Citizens' Assembly on the Climate Crisis

Executive Summary

On 9 March 2020, a joint petition and e-petition was received, containing a combined total of 503 signatories and e-signatories, requesting the Council to

“implement a binding citizens' assembly to formulate a plan for the council to tackle the climate emergency. This could be instructed as the first meaningful action of the Climate Change Innovation Board which has the mandate to build a borough-wide plan for tackling climate change.”

As there were in excess of 500 signatures, our Petition Scheme requires the full Council to debate the matters raised by the petition/e-petition and to indicate to the petition organiser what action the Council proposes to take in response.

The Lead Councillor for Climate Change intends to propose the following motion for debate at the Council meeting, to which amendments may be put by other councillors:

“This Council recognised the urgency for action on climate change through the declaration of an emergency. However, given the scope and scale of the challenges we face, Guildford Borough Council cannot tackle the climate change crisis alone.

Because climate change is a global issue and requires the cooperation of everyone on the planet, in order to make a meaningful difference we must work as far as possible to develop partnerships and alliances across the county and region.

The Council recognises that we are not only facing great uncertainty over the borough's recovery from the impact of the coronavirus pandemic, but also imminent discussions on possible unitary local government structures in Surrey, arising from the Government's Devolution White Paper. Unitary local government in Surrey would bring about significant change to roles and responsibilities for areas and

services contributing to carbon emissions. It also has the potential to create and improve strong partnerships and alliances that are better able to tackle climate change.

Therefore, we believe “*implementing a binding citizens' assembly to formulate a plan for the council to tackle the climate emergency*” is not appropriate or practicable at this time in these circumstances. The Council notes that the Lead Councillor for Climate Change has already held informal discussions, at lead councillor level, with a number of councils in Surrey to explore possible joint working arrangements to address the climate emergency. This work will continue. We believe that we should work proactively with our partners in this regard and ensure we are best placed to meet and adapt to any changes in local government structure in the future and be strongly placed to lead action on climate change locally and across the county. Accordingly, the Council

RESOLVES: That the Managing Director be instructed to open discussions with all Surrey councils:

- (1) to explore possible formal joint working arrangements on climate change;
- (2) to seek formal agreement that the implementation of robust and sustainable policies on climate change should be the leading priority for any new unitary council(s) in Surrey with a recommendation that they explore the benefits of using a citizens' assembly as a means of engaging with the community and harnessing the power of local activism in the formulation of such policies; and
- (3) to report the outcome of these discussions to the Executive.”

Recommendation to Council:

Councillors are asked to debate the above-mentioned motion in response to the petition, which sets out to the petition organiser what action the Council intends to take.

Reason for Recommendation:

To comply with the requirements of the Council's adopted Petition Scheme.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 The purpose of this report is to inform the Council of the receipt on 9 March 2020 of a joint petition and e-petition entitled “*Citizens' Assembly on the Climate Crisis*”, which has attracted a total of 503 signatories/e-signatories. The petition states as follows:

“We the undersigned petition Guildford Borough Council to implement a binding citizens' assembly to formulate a plan for the council to tackle the climate emergency. This could be instructed as the first meaningful action of the Climate

Change and Innovation Board which has the mandate to build a borough-wide plan for tackling climate change.”

- 1.2 The petition organiser’s supporting statement accompanying the e-petition reads as follows:

“We applaud Guildford Borough Council in telling the truth and declaring a Climate Emergency in July 2019. We now need to act without delay and involve the residents of Guildford in a citizens’ assembly. We do not need another slow moving local authority committee.

We need action.

Your initiative to have a Climate Change and Innovation Board (CCIB) has minimal public involvement and is to report to the GBC Executive within 12 months.

It is an emergency, not business as usual. 12 months is too late. The public need to be with you to formulate climate policies for the council, the area and for individuals – not be held at arm’s length while a committee deliberates.

The residents of Guildford have to be involved to drive climate policy by holding binding citizens’ assemblies on how to tackle our borough’s emissions. This will remove any party-political bias and corporate interest from the process, and sidestep decisions being made based on the short-term focus of re-election.

Expert individuals and organisations will be employed to present Guildford constituents with the most appropriate ways to mitigate the threat of climate breakdown and devise a strategy for Guildford reaching net zero, as per the council’s commitment on 23rd July 2019.

This will also empower the community in their efforts in tackling the climate emergency, whilst allowing for a truly democratic decision on how we, as a community, combat the climate emergency. The council must be a leader on the crisis, and take every possible opportunity to give the public the power in deciding how our tax-payer funds are used to tackle an existential crisis which affects all of us, as well as our children and generations to come.

At least a dozen other councils have already done this. A citizens’ assembly could be convened within 4 months and report back to the council with binding recommendations within 6 months.

Camden Council is renowned as the leading London borough on climate action (Friends Of The Earth study, Sep ‘19). They initiated a binding Citizens Assembly from which a detailed and realistic 17-point action plan was drawn, and which allowed for immediate action. GBC also ranked well in the FoE study, and as such it is appropriate to follow Camden’s lead and try to climb the league table.

Citizens Assemblies have already proved highly effective in finding democratic solutions to the hardest issues to resolve.

This is an opportunity for GBC to be completely transparent - as per 2019 manifesto pledges - and to work with its constituents in this crisis. There are multiple individuals and bodies locally who can be consulted on this.

We demand that Guildford Borough Council set up a citizens' assembly on the climate emergency without delay".

- 1.3 Under the terms of our adopted petition scheme, the Council is invited to consider and respond to the petition.

2. Strategic Priorities

- 2.1 Formal consideration by the full Council of proposals contained in a petition is consistent with the Council's desire to be open and accountable to its residents and to deliver improvements and enable change across the Borough.

3. Background

The Council's Petition Scheme

- 3.1 The Council's adopted petition scheme provides that where a petition contains more than 500 signatures, it will be referred to full Council for debate. The Council will decide how to respond to the petition at the meeting.
- 3.2 The petition scheme states that our response will depend on what a petition asks for, but may include one or more of the following:
- taking the action requested in the petition
 - considering the petition at a meeting of the Council or Executive
 - holding an inquiry into the matter
 - holding a public meeting
 - holding a meeting with petitioners or the petition organiser
 - undertaking research into the matter
 - writing to the petition organiser setting out the Council's views about the request in the petition
 - referring the petition to the Council's Overview and Scrutiny Committee for consideration

Procedure for dealing with the petition at the meeting

- 3.3 Under the Council's petition scheme, the petition organiser, or a person appointed on their behalf, is entitled to a period of up to five minutes to speak to the subject matter of the petition at the meeting. Councillors will have an opportunity to ask questions of the petition organiser (or their spokesperson) before the formal debate on the petition.
- 3.4 In accordance with the rules of debate in Council Procedure Rule 15 (a), at the start of the debate, a motion as to how the Council should respond to the petition should be moved formally and seconded in the usual way. The Petition Scheme requires the motion to respond explicitly to the request in the petition. The Lead

Councillor for Climate Change intends to propose, and Councillor Caroline Reeves to second, the following motion:

“This Council recognised the urgency for action on climate change through the declaration of an emergency. However, given the scope and scale of the challenges we face, Guildford Borough Council cannot tackle the climate change crisis alone.

Because climate change is a global issue and requires the cooperation of everyone on the planet, in order to make a meaningful difference we must work as far as possible to develop partnerships and alliances across the county and region.

The Council recognises that we are not only facing great uncertainty over the borough’s recovery from the impact of the coronavirus pandemic, but also imminent discussions on possible unitary local government structures in Surrey, arising from the Government’s Devolution White Paper. Unitary local government in Surrey would bring about significant change to roles and responsibilities for areas and services contributing to carbon emissions. It also has the potential to create and improve strong partnerships and alliances that are better able to tackle climate change.

Therefore, we believe “*implementing a binding citizens’ assembly to formulate a plan for the council to tackle the climate emergency*” is not appropriate or practicable at this time in these circumstances. The Council notes that the Lead Councillor for Climate Change has already held informal discussions, at lead councillor level, with a number of councils in Surrey to explore possible joint working arrangements to address the climate emergency. This work will continue. We believe that we should work proactively with our partners in this regard and ensure we are best placed to meet and adapt to any changes in local government structure in the future and be strongly placed to lead action on climate change locally and across the county. Accordingly, the Council

RESOLVES: That the Managing Director be instructed to open discussions with all Surrey councils:

- (1) to explore possible formal joint working arrangements on climate change;
- (2) to seek formal agreement that the implementation of robust and sustainable policies on climate change should be the leading priority for any new unitary council(s) in Surrey with a recommendation that they explore the benefits of using a citizens’ assembly as a means of engaging with the community and harnessing the power of local activism in the formulation of such policies; and
- (3) to report the outcome of these discussions to the Executive.”

3.5 As with any such motion, it may be subject to amendment. If any councillor wishes to propose an amendment, they should inform the Democratic Services and Elections Manager as soon as possible. Details of any amendments

received will be circulated to all councillors and to the petition organiser and will be included on the Order Paper.

- 3.6 After the debate and before a final decision or vote is taken on the Council's response to the petition (as set out in the motion – amended or otherwise), the petition organiser will be granted a right of reply for a further period of up to five minutes.
- 3.7 Councillors' comments during the debate shall not exceed five minutes in length, although the proposer of the motion will have up to ten minutes.

4. Equality and Diversity Implications

- 4.1 Public authorities are required to have due regard to the aims of the Public Sector Equality Duty (Equality Act 2010) when making decisions and setting policies.
- 4.2 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from the report.
- 4.3 No Equality Impact assessments (EIA) have been conducted in relation to the subject matter raised by the petition, although, subject to the response, an EIA may be required.

5 Financial Implications

- 5.1 There are no direct financial implications arising from this report, although we do have budgets in place for work on climate change. However, subject to the Council's response to the petition, councillors will be advised as to any financial implications.

6. Legal Implications

- 6.1 If the action proposed in a motion responding to a petition is an action requiring the exercise of an executive function, it would normally require the matter to be referred to the Executive for a final decision. In this case, the motion, if carried, is merely instructing the Managing Director to explore possible formal joint working arrangements on climate change and to seek undertakings on prioritising the climate change agenda for any new unitary council(s) in Surrey including exploring the benefits of using a citizens' assembly as a means of engaging with the community in the formulation of robust and sustainable policies to tackle climate change. Any decision to be taken as a consequence of this action will be referred to the Executive.
- 6.2 Under the Council's petition scheme, the full Council is obliged due to the number of signatories to this petition to debate the issues raised therein and to pass a resolution in response.

7. Human Resource Implications

7.1 There are no human resource implications arising directly from this report.

8. Climate Change/Sustainability Implications

8.1 This Council declared a climate emergency at its meeting on 23 July 2019. The Council is taking action on climate change in a number of ways and the recently revised Climate Change Board is leading on the various work streams.

9. Conclusion

9.1 The Council should debate the matter raised by the petition as set out in the Petition Scheme and agree a way forward.

10. Background Papers

None

11. Appendices

None

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Council Report

Ward(s) affected: n/a

Report of Chief Finance Officer

Author: Vicky Worsfold

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Email: victoria.worsfold@guildford.gov.uk

Lead Councillor responsible: Tim Anderson

Tel: 07710 328560

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Date: 6 October 2020

Capital and Investment outturn report 2019-20

Executive Summary

This annual outturn report includes capital expenditure, non-treasury investments and treasury management performance for 2019-20.

Capital programme

In total, expenditure on the General Fund capital programme was £48.1 million. This was less than the budget by £38.7 million. Details of the revised estimate and actual expenditure in the year for each scheme are given in **Appendix 3**.

The budget for Minimum Revenue Provision (MRP) was £1.02 million and the outturn was £926,639. This was due to slippage in the capital programme in 2018-19.

Non-treasury investments

The Council's investment property portfolio stood at £153 million at the end of the year. Our rental income was £8.4 million, and our income return 6% against the benchmark of 4.7%.

Treasury management

The Council's cash balances have built up over a number of years, and reflect our strong balance sheet, with considerable revenue and capital reserves. Officers carry out the treasury function within the parameters set by the Council each year in the Capital and Investment Strategy. As at 31 March 2020, the Council held £107.6 million in investments, £44 million of short-term borrowing and £192 million of long term borrowing so net debt of £129 million.

We borrowed short-term from other local authorities for cash flow purposes and ensure there is no cost of carry on this. We did not take out any additional long-term borrowing during the year. The Council had £236.7 million borrowing at 31 March 2020, of which £44 million was short-term borrowing for cash purposes.

This report (section 8) confirms that the Council complied with its prudential indicators, treasury management policy statement and treasury management practices (TMPs) for

2019-20. The policy statement is included and approved annually as part of the Capital and Investment Strategy, and the TMPs are approved under delegated authority.

The treasury management performance over the last year, compared to estimate, is summarised in the table below. The report highlights the factors affecting this performance throughout the report, and in **Appendix 1**.

	Estimate %	Actual %	Estimate (£000)	Actual (£000)
General fund Capital Financing Requirement (CFR)			365,845	124,357
Housing Revenue Account CFR			197,024	197,024
Total CFR			562,869	321,381
Return on investments	2.3	1.56	1,742	2,172
Interest paid on external debt			5,755	5,767
Total net interest paid			4,013	3,595

There was slippage in the capital programme which resulted in a lower CFR than estimated (more information in **Appendix 1**, section 3).

Interest paid on debt was lower than budget, due to less long-term borrowing taken out on the general fund because of slippage in the capital programme.

The yield returned on investments was lower than estimated, but the interest received was higher due to more cash being available to invest in the year – a direct result of the capital programme slippage. Officers have been reporting higher interest receivable and payable and a lower charge for MRP during the year as part of the budget monitoring when reported to councillors during the year.

Detailed information on the return on investments, and interest paid on external debt can be found in section 7 of this report.

This report was considered by the Corporate Governance and Standards Committee at its meeting on 30 July 2020. The Committee commended the report to the Executive. The Executive considered the report at its meeting on 22 September 2020 and commended the recommendation to the Council below for adoption.

Recommendation to Council

- (1) That the treasury management annual report for 2019-20 be noted.
- (2) That the actual prudential indicators reported for 2019-20, as detailed in **Appendix 1** to this report, be approved.

Reason for Recommendation:

To comply with the Council's treasury management policy statement, the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on treasury management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 The Local Government Act 2003 states that the Council has a legal obligation to have regard to both the CIPFA code of practice on treasury management and the Ministry of Housing, Communities, and Local Government (MHCLG) investment guidance.
- 1.2 The CIPFA treasury management code of practice, and the MHCLG investment guidance requires public sector authorities to produce an annual capital strategy (incorporating capital expenditure, non-treasury investments and treasury management activity).
- 1.3 This report covers the outturn of the elements of the strategy and the requirement to report on the prudential and treasury indicators for the year. The position of the Council's investment property portfolio is also presented along with progress on the capital programme.
- 1.4 The Council borrows and invests substantial sums of money and is, therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risks. The Council holds a substantial amount of investment property and has a large capital programme, all of which have risk.
- 1.5 Treasury management is a highly complex, technical and regulated aspect of local government finance. We have included a glossary of technical terms (**Appendix 10**), to aid the reading of this report.

2. Strategic Priorities

- 2.1 Treasury management and capital expenditure are key functions in enabling the Council to achieve financial excellence and value for money. It underpins the achievement of all the Corporate Plan 2018-2023 themes.
- 2.2 This report details the activities of the treasury management function and the effects of the decisions taken in the year in relation to the best use of its resources. It also presents the outturn position for the year of the capital programme, and the performance on non-treasury investments.

3. Background

- 3.1 Treasury management is defined by CIPFA as:

“the management of the council's investments, borrowing and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”

- 3.2 The Council has overall responsibility for treasury management. Treasury management contains a number of risks. The effective identification and management of those risks are integral to the council's treasury management objectives, as is ensuring that borrowing activity is prudent, affordable and sustainable.
- 3.3 The Council has a statutory requirement, under the Local Government Act 2003, to adopt the CIPFA Prudential Code and produce prudential indicators.
- 3.4 The objectives of the prudential code are to ensure, within a clear framework, that capital investment plans are affordable, prudent and sustainable, and the treasury management decisions are taken in accordance with good professional practice.
- 3.5 The Council has a large capital programme and a large investment property portfolio on its balance sheet. These, together with treasury management, are the management of the Council's cash and assets.
- 3.6 The Council operates its treasury management function in compliance with this Code and the statutory requirements.
- 3.7 This annual report, and the appendices attached to it, set out:
- a summary of the economic factors affecting the approved strategy and counterparty updated (sections 4 and 5 with details in **Appendix 5**)
 - a summary of the approved strategy for 2019-20 (section 6)
 - a summary of the treasury management activity for 2019-20 (section 7 with detail in **Appendix 1**)
 - compliance with the treasury and prudential indicators (section 8 with detail in **Appendix 1**)
 - non-treasury investments (section 9)
 - capital programme (section 10)
 - risks and performance (section 11)
 - Minimum Revenue Provision (MRP) (section 12)
 - details of external service providers (section 13)
 - details of training (section 14)

4. Economic Environment

- 4.1 This section includes the key points of the economic environment for 2019-20, to show the treasury management activity in context. **Appendix 5** contains more detail.
- Brexit negotiations ongoing and uncertain
 - December's election created more certainty and provided confidence to the global markets
 - UK CPI inflation fell to below the BoE 2% target

- Low unemployed and record employment statistics
- Below trend GDP growth at 1.1%
- Coronavirus changed everything! Caused global sentiment plummeting and falls to the financial markets not seen since the global financial crisis.
- Lockdowns enforced, interest rate cuts across the world and stimulus packages introduced
- BoE base rate reduced from 0.75% to 0.25% and then to 0.10% in a matter of weeks
- Trade wars between US and China but phase 1 of trade agreement was signed in January
- FTSE fell over 30% at its worse point with stock markets in other countries following the same trend
- Bank stress tests on the main seven UK banking groups – all passed on both common equity tier 1 (CET1) ratio and a leverage ratio basis. CET1 aggregate levels remained twice the level before the 2008 financial crisis.
- CDS spreads rose sharply in March due to the potential impact of coronavirus on banks' balance sheets giving cause for concern.
- UK and Non-UK counterparty list recommended duration limits was reduced to 35 days in Mid-March

4.2 The key points relevant to investment property are:

- Industrial sector remained resilient
- Office supply declining in Guildford, there has been a departure of key corporate occupiers, which has not helped the office market
- There has been a shift in the demand for High Street retail premises, leading to declining rents and increased vacancy levels.
- Retail was the weakest category going into lockdown and is anticipated to be the worst affected.

5. Regulatory Changes

5.1 A new accounting standard – IFRS16 – accounting for leases was due to be implemented on 1 April 2020. This means that the Council needs to account for its leases differently, as operating leases are no longer an applicable category for lessees. This will impact on the Council's CFR and asset base as all these assets will need to be included on the Council's balance sheet. The Government decided to delay the implementation until 1 April 2021.

6. Approved strategy and budgets for 2019-20 – a summary

6.1 The Council approved the Capital and Investment strategy for 2019-20 in February 2019.

6.2 The strategy showed an underlying need to borrow in 2019-20 for the General Fund (GF) capital programme of £86.7 million.

6.3 The strategy set out how we would manage our cash. It allowed for internally managed investments for managing cash flow and externally managed and

longer-term investments for our core cash (cash not required in the short or medium term). See **Appendix 9** for background.

- 6.4 It highlighted the need to continue to diversify our investment portfolio to reduce credit risk. The approved strategy set the minimum long-term credit rating of A- (or equivalent) for investments in counterparties to be determined as 'high credit' using the lowest denominator principal for the three main credit rating agencies.
- 6.5 Investment property risks were examined in the strategy.

7. Treasury management activity in 2019-20

7.1 The treasury position at 31 March 2020, compared to the previous year is:

		31 March 2019 (£'000)	Average Rate	31 March 2020 (£'000)	Average Rate
Fixed Rate Debt	PWLB	147,895	3.22%	147,665	3.22%
	Market	0	0.00%	0	0.00%
Variable Rate Debt	PWLB	45,000	0.92%	45,000	0.96%
	Market	0	0.00%	0	0.00%
Long-term	LAs	0	0.00%	0	0.00%
Temporary borrowing	LAs	20,000	0.66%	44,000	0.83%
Total Debt		212,895	2.45%	236,665	2.43%
Fixed Investments		(54,650)	1.09%	(66,600)	1.40%
Variable Investments		(30,729)	0.90%	(28,023)	0.82%
Externally managed		(11,945)	3.26%	(12,988)	4.17%
Total Investments		(97,325)	1.42%	(107,611)	1.56%
Net Debt / (Investments)		115,570		129,054	

- 7.2 PWLB is the Public Works Loans Board and is a statutory body operating as an executive of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies.
- 7.3 The above table shows investments have increased by £10.3 million and loans by £23.8 million. Therefore, net debt has increased by £13.48 million. Short-term borrowing has increased, because we were unsure of the COVID-19 implications so took out some borrowing at the end of the financial year. We have purchased £2.5 million of external fund investments following the sale in 2018-19, but the values in the table above reflect the reduction in values at the end of the financial year due to the market conditions.
- 7.4 We budgeted a return of 2.3% for the year and achieved 1.56%.
- 7.5 The Council's budgeted investment income was £1.741 million, and actual interest was £2.12 million (£377,000 higher). We had been projecting higher interest receipts throughout the financial year. This is because we had more cash available to invest than we had budgeted, and we hold some longer higher yielding secure investments.

- 7.6 Our budgeted debt interest payable was £5.75 million. £5.16 million relates to the HRA. The outturn was £5.76 million (£5.16 million for the HRA).
- 7.7 All our external funds are distributing funds, and they achieved an overall weighted average return of 4.17%, split as:

Fund	Balance at 31 March £000	Average return	Type of fund
M&G	1,126,577	2.54%	Equity focussed
Schroders	567,847	7.31%	Equity focussed with at least 80% on FTSE all share companies
Funding Circle	533,798	6.35%	Investments in SMEs up to a max of £2,000
UBS	2,017,992	4.71%	Multi asset
RLAM	2,227,920	2.42%	Global bond fund
Fundamentun	1,960,000	0.00%	Supported housing
CCLA	6,514,007	4.41%	Property

- 7.8 Movements in pooled funds in the year:

- we invested £2.5 million in a new fund - Royal London Asset Management (RLAM) having sold some of our external fund investments in 2018-19
 - we also invested £2 million in a REIT (real estate investment fund) with Fundamentum – they invest in supported housing and therefore meets social benefits as well as offering a good financial return for the council and further diversifying our investment portfolio
- 7.9 Our external fund portfolio is diverse, and we invest in a range of products and markets. The capital value of the funds can go up as well as down. Across all funds still held at the end of the year, there was a capital loss of £1.48 million due to the coronavirus. This position has been reversed by £206,000 at the end of June.
- 7.10 The Council also invested more in our subsidiaries and now holds £5.46 million of equity investment in Guildford Holdings Ltd and £8.18 million in North Downs Housing Ltd.
- 7.11 The Council agreed an interest rate of base rate plus 5% (currently 5.1%) on the investment in North Downs Housing Ltd. This is higher than the treasury investments held as it reflects the risk associated with holding such investments. We budgeted a return of £333,000 and earned £317,000, which is due to the decrease in the Bank of England base rate in the year.
- 7.12 The equity investment in Guildford Holdings will be subject to a dividend if a profit is achieved.
- Capital programme*
- 7.13 The actual underlying need to borrow for the year, and the amount of internal borrowing actually taken, for the GF capital programme was £18.3 million, which is lower than budgeted of £86.7 million because of slippage in the capital programme, and also unbudgeted for capital receipts. We will continue to

support service managers with the scheduling of schemes in the capital programme to ensure it is kept up to date when project timescales change.

- 7.14 The Council must charge a Minimum Revenue Provision (MRP) on its internal borrowing, which is setting aside cash from council tax to repay the internal borrowing. MRP charged to the revenue account for the year was £926,639, against an original budget of £1.019 million.
- 7.15 Our overall underlying need to borrow, as measured by the Capital Financing Requirement (CFR) was £321.380 million (£124.4 million relates to the GF).

Benchmarking and performance indicators

- 7.16 The Council is a member of the CIPFA treasury management benchmarking club.
- 7.17 Arlingclose also provide benchmarking data across their clients (“client universe”). It highlights the effect of changes in our investment portfolio and compares the basis of size of investment, length of investment and the amount of credit risk taken.
- 7.18 The benchmarking shows a snapshot of our average running yield on all investments, also split between internally managed and externally managed. The latest benchmarking data (at 31 March 2020), shows our average rate of investments for our total portfolio as being 1.61% against the client universe of 1.23%. The table shows that we have outperformed our internally managed investments of the client universe by quite some margin.

Benchmark	Guildford	Client Universe
Internally managed return	1.19%	0.64%
Externally managed (return only)	4.42%	3.73%
Total Portfolio	1.61%	1.23%
% of investments subject to bail in	23%	56%
No. of counterparties/funds	37	14

- 7.19 The difference in our return as part of the benchmarking (1.61%) and our own return (1.56%) is due to a different calculation in the way Arlingclose put the benchmarking return together.
- 7.20 The table above shows how far the Council has come to mitigate bail in risk – closing the year at 23% of investments subject to bail in. This percentage will change during the course of the year depending on the level of cash we have and what we are invested in.
- 7.21 One of our key areas in our treasury strategy has been to increase diversification in the portfolio. The number of counterparties and funds we are investing in are far higher than the client universe and shows that we have achieved our aim. Again, this level of diversification will change at different points in the year.

8. Non-treasury investments

8.1 **Appendix 2** sets out the Council investment property fund portfolio report for 2019-20. The key points are summarised below.

8.2 The current portfolio is:

Sector	No. of assets	Sub-category	No. of assets
Office	6		
Industrial	125		
Retail	9	Shops Shopping centres Supermarkets	6 2 1
Leisure	6	Restaurants Nightclubs	5 1
Other Commercial	10	Educational Theatre Barn Petrol station Sui Generis Car Park Water treatment works	3 1 2 1 1 1 1
TOTAL	156		

8.3 Fund statistics are:

Fund Performance (total return) *					
Rental income					
	Industrial	Office	All Retail	Alternatives	All
2015/16	2,679,571	1,831,900	1,750,254	885,636	7,147,361
2016/17	3,057,302	1,858,638	1,447,672	1,062,137	7,425,749
2017/18	3,493,405	3,186,048	1,426,317	1,080,786	9,186,556
2018/19	3,619,808	3,038,548	1,459,048	1,129,361	9,246,765
2019/20	3,369,452	2,135,460	1,459,548	1,139,397	8,103,857
Capital value					
	Industrial	Office	All Retail	Alternatives	All
2015/16	39,077,755	19,227,500	34,270,000	11,233,500	103,808,755
2016/17	42,922,450	25,915,000	25,908,500	15,963,500	110,709,450
2017/18	51,509,000	49,574,000	26,065,000	17,471,500	144,619,500
2018/19	66,970,000	49,159,000	26,097,000	18,843,000	161,069,000
2019/20	72,295,790	35,609,000	26,097,000	18,143,000	152,144,790
Income return					

	Industrial	Office	All Retail	Alternatives	All
2015/16	8.0%	7.5%	5.6%	7.5%	6.8%
2016/17	7.1%	7.2%	5.6%	6.7%	6.7%
2017/18	8.0%	7.4%	5.2%	5.8%	6.6%
2018/19	6.8%	6.6%	5.9%	5.8%	6.3%
2019/20	6.9%	5.3%	5.9%	5.9%	6.0%
Benchmark return					
	Industrial	Office	All Retail	Alternatives	All
2015/16	6.1%	4.7%	5.4%	4.7%	5.2%
2016/17	5.4%	4.1%	5.0%	5.5%	4.8%
2017/18	4.9%	4.1%	5.1%	5.3%	4.8%
2018/19	4.4%	4.0%	5.1%	5.0%	4.6%
2019/20	4.4%	4.0%	5.4%	5.1%	4.7%

* Excludes Finance leases

8.4 The performance shows that our portfolio has performed better than our benchmark.

9. General Fund Capital programme

9.1 **Appendix 3** sets out the actual expenditure on capital schemes, compared to the updated estimates, together with reasons for variances. Overall, we spent £38.7 million (45%) less on capital schemes than we originally estimated and £65.7 million (58%) less than the revised estimate, the schemes with more than £1 million variance to budget relate to Guildford Park Car Park, Middleton Industrial estate, Strategic property purchases, crematorium, and Ash road bridge although there are significant variations on other approved schemes under £1 million, as detailed in the appendix.

9.2 The table below summarises our capital expenditure and variances in the year:

	Original estimate (£m)	Revised estimate (£m)	Actual (£m)	Variance to revised (£m)
GF approved programme	61.4	61.9	45.7	(16.2)
GF provisional programme	17.6	2.1	0.0	(2.1)
GF Schemes financed from reserves	6.8	3.9	2.3	(1.6)
Total	85.8	67.9	48.0	(19.9)

9.3 We significantly re profiled schemes during the year, and under spent by £19.9 million on the revised estimate.

10. Compliance with treasury and prudential indicators

- 10.1 The CIPFA prudential code and treasury management code of practices require local authorities to set treasury and prudential indicators.
- 10.2 The objectives of the Prudential Code, and the indicators calculated in accordance with it, provide a framework for local authority capital finance that will ensure
- capital expenditure plans are affordable
 - all external borrowing and other long-term liabilities are within prudent and sustainable limits
 - treasury management decisions are taken in accordance with professional good practice and
 - in taking the above decisions, the council is accountable by providing a clear transparent framework
- 10.3 The prudential code requires the Council to set a number of prudential indicators for the following and two subsequent financial years, and to monitor against the approved indicators during the year. We can revise these indicators during the year but need full Council approval.
- 10.4 Officers can confirm that the Council has complied with its prudential indicators for 2019-20, (see **Appendix 1** for the outturn figures), its treasury management policy statement and its treasury management practices.
- 10.5 Section 6 outlines the approved treasury management strategy. We have adhered to the strategy by:
- financing of capital expenditure from government grants, usable capital resources, revenue contributions and cash flow balances rather than from external borrowing
 - taking a prudent approach in relation to the investment activity in the year, with priority given to security and liquidity over yield
 - maintaining adequate diversification between counterparties
 - forecasting and managing cash flow to preserve the necessary degree of liquidity

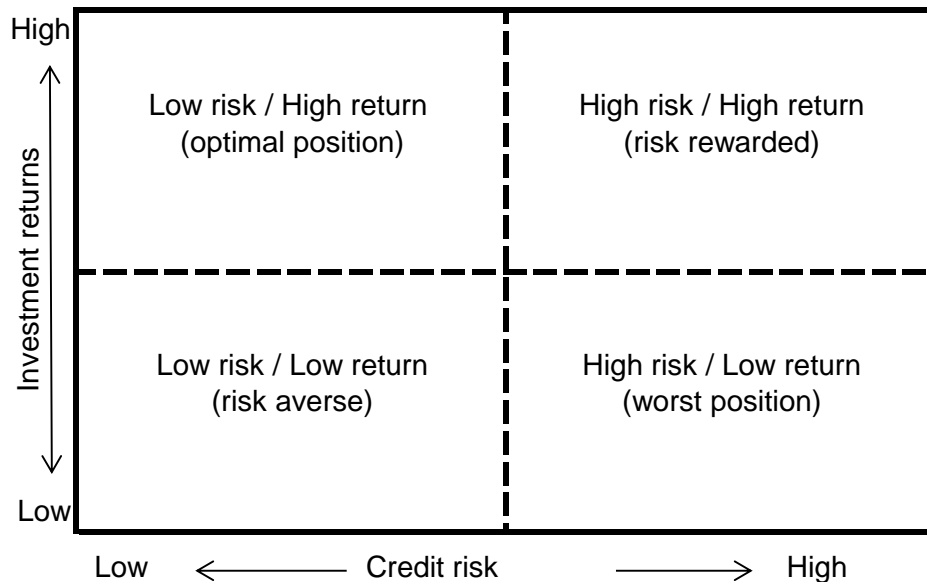
11. Risk and performance

- 11.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.
- 11.2 The Council has complied with all the relevant statutory and regulatory requirements, which limit the level of risk associated with its treasury management activities. In particular, its adoption and implementation of both the prudential code and treasury management code of practice means our capital expenditure is prudent, affordable and sustainable, and our treasury practices demonstrate a low risk approach.

- 11.3 Short-term interest rates and likely movements in these rates, along with our projected cash balances, determine our anticipated investment return. These returns can be volatile and whilst, loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.
- 11.4 If the Council were to lose any of its investments, the GF will carry the loss, even if the cash lost is HRA cash. Therefore, to compensate the GF for this, we apply a credit risk adjustment to the rate of interest we apply on the HRA balances and reserves and SPA reserves. Therefore, a lower interest rate is applied than the weighted average investment return for the year.
- 11.5 The Council invests in externally managed funds. These are more volatile than cash investments, but can come with a higher return. Officers continually review our funds to ensure they still have a place in the portfolio. We view most of our funds over a three to five-year time horizon to take account of their potential volatility – they are not designed to be short-term investments, despite being able to get the money from them quickly.

Credit developments and credit risk management during the year

- 11.6 Security of our investments is our key objective when making treasury decisions. We therefore manage credit risk through the limits and parameters we set in our annual treasury management strategy. One quantifiable measure of credit quality we use is to allocate a score to long-term credit ratings. **Appendix 8** explains the scoring in more detail.
- 11.7 This is a graphical representation used in the Arlingclose benchmarking.



- 11.8 Typically, we should aim to be in the top left corner of the chart where we get a higher return for lower risk. In the actual benchmarking, for average rate versus credit risk (value weighted) we were above the average of all clients and were in

the top left box towards the middle vertical line. For time weighted we are well within the top left box (see **Appendix 6** for the two charts).

- 11.9 We set our definition of high credit quality as a minimum long-term credit rating of A-, which attracts a score of 7. The lower the score, the higher the credit quality of the investment portfolio.
- 11.10 The table below shows that at each quarter date, the weighted average score of our investment portfolio, on a value weighted and a time weighted basis is well within our definition of high credit quality, ending the year at 3.95 (AA-) and 2.04 (AA-).

Date	Value Weighted Avg Credit Risk Score	Value Weighted Avg Credit Rating	Time Weighted Avg Credit Risk Score	Time Weighted Avg Credit Rating	Average Life (days)
31-03-19	3.18	AA	2.24	AA+	318
30-06-19	4.02	AA-	3.01	AA	328
30-09-19	4.18	AA-	4.06	AA-	305
31-12-19	4.24	AA-	4.40	AA-	323
31-03-20	3.95	AA-	2.04	AA+	261

- 11.11 We have maintained security throughout the year within the portfolio. We also have a lower risk score on both elements than the Arlingclose client universe (4.03/AA- and 3.94/AA-). We do, however, have a much longer duration (ours is 261 days compared to the universe of 20 days) and this is due to us having a large portion of investments of covered bonds in the portfolio, which can be sold on the secondary market if required. The longer duration is with AAA rated covered bonds so this has enhanced the security of the portfolio.

12. Minimum Revenue Provision (MRP)

- 12.1 The Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2003 (SI No 414) place a duty on local authorities to make a prudent provision for debt redemption. Making an MRP reduces the Capital Financing Requirement (CFR) and leaves cash available to replenish reserves used for internal borrowing or making external debt repayments. There are three options for applying MRP available to us:
 - asset life method
 - depreciation method
 - any other prudent method
- 12.2 Any other prudent method means we can decide on the most appropriate method depending on the capital expenditure.
- 12.3 The latest MRP policy was approved by Council in February 2019, and stated that:

- the Council will use the asset life method as its main method, but will use annuity for investment property
- in relation to expenditure on development, we may use the annuity method starting in the year after the asset becomes operational
- where we acquire assets ahead of a development scheme, we will charge MRP based on the income flow of the asset or as service benefit is obtained, and will not charge MRP during construction, refurbishment or redevelopment
- We will apply a life of 50 years for the purchase of land and schemes which are on land (for example transport schemes)
- Where loans are made to other bodies for their capital expenditure, no MRP will be charged, where the other body is making principal repayments of that loan as well as interest. However, the capital receipts generated by the loan principal repayments on those loans will be put aside to reduce the CFR
- For investments in shares classed as capital expenditure, we will apply a life related to the underlying asset in which the share capital has been invested

12.4 The unfinanced capital expenditure in 2019-20 of £18.34 million related mainly to strategic property purchases, internal estate road and loan/equity to North Downs Housing.

13. External service providers

13.1 The Council reappointed Arlingclose as our treasury management advisors in March 2015. The contract is for a period of 7 years. The Council is clear what services it expects and what services Arlingclose will provide under the contract.

13.2 The Council is clear that overall responsibility for treasury management remains with the Council.

14. Training

14.1 CIPFA's revised treasury management code of practice suggest that best practice is achieved by all councillors tasked with treasury management responsibilities, including scrutiny of the treasury management function, receiving appropriate training relevant to their needs and that they should fully understand their roles and responsibilities.

14.2 The MHCLG's revised investment guidance also recommends that a process is in place for reviewing and addressing the needs of the Council's treasury management staff for training in investment management.

14.3 Following the revised CIPFA code of practice and the stated requirement that a specified body be responsible for the implementation and regular monitoring of the treasury management policies, we use the Corporate Governance and Standards Committee to scrutinise the treasury management activity of the Council.

- 14.4 Training on treasury management will be given to new councillors and in particular the group leaders and members of the Corporate Governance and Standards Committee.
- 14.5 Corporate Governance and Standards Committee reviews the annual report in June each year.
- 14.6 Officer training is undertaken on a regular basis, by attending workshops held by Arlingclose, and seminars or conferences held by other bodies, such as CIPFA. On the job training and knowledge sharing are undertaken when required. Those involved in treasury management are either a fully qualified accountant, or AAT qualified. The Lead Specialist for Finance, and Deputy s151 officer holds the 'Certificate in International Treasury Management for Public Finance' qualification, which is a joint qualification between the ACT (Association of Corporate Treasurers) and CIPFA.
- 14.7 Certain officers of the Council are deemed professional by the financial industry and therefore demonstrates the level of skill and expertise in the treasury function to ensure the Council retains professional status under the MiFID II regulations.

15. Consultations

- 15.1 Officers have consulted with the Lead Councillor for Resources about the contents of this report.

16. Executive Advisory Board comment

- 16.1 Treasury management reports are under the remit of Corporate Governance and Standards Committee and are not required to be presented to an EAB.

17. Equality and Diversity Implications

- 17.1 There are no equality and diversity implications

18. Financial Implications

- 18.1 The detailed financial implications are summarised above and in **Appendix 1**.

19. Legal Implications

- 19.1 A variety of professional codes, statutes and guidance regulate the Council's treasury management activities. These are:
- the Local Government Act 2003 ("the Act") provides the powers to borrow and invest. It also imposes controls and limits on these activities

- the Act permits the Secretary of State to set limits on either the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken.
- statutory instrument 3146 (2003 (“The SI”), as amended, develops the controls and powers within the Act
- the SI requires the council to undertake any borrowing with regard to the prudential code. The prudential code requires indicators to be set – some of which are limits – for a minimum of three forthcoming years
- the SI also requires the council to operate the treasury management function with regard to the CIPFA treasury management code of practice
- under the terms of the Act, the Government issued “investment guidance” to structure and regulate the council’s investment activities. The emphasis of the guidance is on the security and liquidity of investments.

20. Human Resource Implications

- 20.1 There are no human resource implications arising from this report other than the training discussed in section 15, which is already in place.

21. Summary of Options

- 21.1 We could have invested in lower credit quality investments, but this would have increased our risk exposure.
- 21.2 We could have borrowed longer-term for our capital programme, but would have suffered a cost of carry due to the slippage in the programme.

22. Conclusion

- 22.1 The Council has complied with the objectives of the CIPFA treasury management code of practice by maintaining the security and liquidity of its investment portfolio.
- 22.2 We maintained the security of our investment portfolio, and did not borrow long-term in advance of need.
- 22.3 We have also complied with the requirements of the prudential code by setting, monitoring and staying within the prudential indicators set, except the variable limit on net investments due to higher investment balances than when the indicator was set.

23. Background Papers

- CIPFA Treasury Management in the Public Services – Code of Practice and Cross Sectoral Guidance Notes (2018 edition)
- CIPFA Treasury Management in the Public Services – Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (2018 edition)

- CIPFA the Prudential Code for Capital Finance in Local Authorities (2018 edition)
- CIPFA the Prudential Code for Capital Finance in Local Authorities – Guidance Notes for Practitioners (2018 edition)
- Treasury management annual strategy report 2018-19

24. Appendices

Appendix 1: Treasury management activity, treasury and prudential indicators 2019-20

Appendix 2: Investment property fund portfolio report 2019-20

Appendix 3: capital programme

Appendix 4: schedule of investments at 31 March 2020

Appendix 5: economic background – a commentary from Arlingclose

Appendix 6: benchmarking graphs

Appendix 7: credit score analysis

Appendix 8: credit rating equivalents and definitions

Appendix 9: background to externally managed funds

Appendix 10: glossary

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Treasury Management activity and treasury and prudential indicators 2019-20

1. Introduction

- 1.1 The treasury management service is an important part of the overall financial management of the council. Whilst the prudential indicators consider the affordability and impact of capital expenditure decisions, the treasury service covers the effective funding of these decisions.
- 1.2 Strict regulations, such as statutory requirements and the CIPFA treasury management code of practice (the TM Code) govern the council's treasury activities, and the Prudential Code and MHCLG Investment Guidance non-treasury investments.
- 1.3 The Council holds a substantial amount of Investment property (non-treasury investment) and has a large capital programme which directly impacts on the treasury management decisions the Council may make.

2. Treasury management activity

- 2.1 The council has an integrated capital and investment strategy and manages its cash as a whole in accordance with its approved strategy. Therefore, overall borrowing may arise because of all the financial transactions of the council (for example, borrowing for cash flow purposes) and not just those arising from capital expenditure reflected in the Capital Financing Requirement (CFR).

Investments

- 2.2 The Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance requires local authorities to focus on security and liquidity rather than yield.
- 2.3 Both the CIPFA Code and government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of investments before seeking the highest rate of return, or yield. The main objective, therefore, when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitable low investment income.
- 2.4 Security of capital remains our main objective when placing investments. We maintained this during the year by following our investment policy, as approved in our treasury management strategy 2018-19, which defined "high credit quality" counterparties as those having a long-term credit rating of A- or higher.
- 2.5 Investments during the year included:
 - investments in AAA rated constant net asset money market funds

- call accounts and deposits with banks and building societies systemically important to each country's banking system. We do have some investments with overseas banks, but in sterling
- other local authorities
- corporate bonds
- non-rated building societies
- covered bonds
- pooled funds without a credit rating, but only those subject to an external assessment

2.6 We divided our investments into three types

- short-term (less than one-year) internally managed cash investments
- long-term internally managed investments
- externally managed funds

2.7 Cash balances consisted of working cash balances, capital receipts, and council reserves.

2.8 The table below shows our investment portfolio, at 31 March 2020, compared to 31 March 2019. **Appendix 2** contains a detail schedule of investments outstanding at the end of the year.

Investment details	Balance at 31-03-19 £m	Weighted Avg Return for Year	Balance at 31-03-20 £m	Weighted Avg Return for Year
Internally Managed Investments				
Fixed Investments < 1 year to cover cash flow	6.00	0.96%	20.00	0.99%
Corporate bonds	0.00	1.06%	1.00	1.26%
Certificates of deposit	0.00	0.68%	18.10	1.06%
Notice Accounts	8.00	0.78%	8.00	0.90%
Call Accounts	0.00	0.37%	0.53	0.40%
Money Market Funds	13.23	0.66%	14.50	0.74%
Revolving credit facility	9.50	2.28%	5.00	1.26%
Long term investments > 1 year	48.65	1.17%	27.50	1.65%
Externally Managed Funds				
Payden & Rygel	0.00	0.64%	0.00	0.00%
Funding circle	0.51	6.22%	0.53	6.35%
CCLA	6.87	4.37%	6.51	4.41%
RLAM	0.00	0.00%	2.23	2.42%
M&G	1.39	3.20%	1.13	2.54%
Schroders	0.86	7.58%	0.57	7.31%
UBS	2.31	3.99%	2.02	4.71%
City Financials	0.00	2.68%	0.00	0.00%
Total Investments	97.32	1.03%	107.61	1.56%

2.9 Our level of investments increased during 2019-20, and we achieved a higher return than last year. Interest rates were higher for the majority of the financial year, with rates lowering in the last quarter as COVID-19 started to spread across the world.

2.10 The Councils also holds £5.460 million equity investments in Guildford Holdings Ltd and £8.183 million in North Downs Housing Ltd.

- 2.11 We are earning an interest return of base rate plus 5% (currently 5.10%) on the investment in North Downs Housing. This is higher than the return earned on treasury investments, but reflects the additional risks to the Council of holding the investment.

Security of investments

- 2.12 Counterparty credit quality was assessed and monitored with reference to credit ratings; financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices; financial statements; information on potential government support and reports in the quality financial press.
- 2.13 We also considered the use of secured investment products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.
- 2.14 The minimum long-term counterparty credit rating for 'high quality counterparties' approved for 2019-20 was A-/A3 across all three main credit rating agencies (Fitch, S&P, and Moody's).
- 2.15 The overall minimum long-term credit rating in the treasury strategy is BBB+. The strategy set different limits for different counterparty credit ratings both in maximum duration and exposure in monetary terms.
- 2.16 We also have the ability to invest in non-rated institutions subject to due diligence.

Liquidity of investments

- 2.17 In keeping with the MHCLG's Guidance on Investments, the council maintained a sufficient level of liquidity using money market funds, call accounts, the maturity profile of fixed investments and short-term borrowing from other local authorities.
- 2.18 We use PSlive as our daily cash flow forecasting software to determine the maximum period for which funds may prudently be committed.

Yield of investments

- 2.19 The council sought to optimise returns commensurate with its objective of security and liquidity. The Bank of England base rate decreased to 0.10% in March 2020. Yields had been slowly increasing but declined rapidly when COVID-19 hit.
- 2.20 We invested in longer-term covered bonds, which increased the return of the portfolio and the duration. Bonds can be sold in the secondary market should we need the liquidity.
- 2.21 The council's budgeted investment income for the year was £1.741 million and actual interest was £2.172 million.

Externally managed funds

- 2.22 We estimate to have substantial cash balances over the medium-term (our "core" cash as identified in the Councils liability benchmark), and as such we have continued investing in pooled (cash-plus, bond, equity, multi-asset and property) funds. These funds, have allowed us to diversify into asset classes other than cash without the need to own and manage the underlying investments. These funds

operate on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short term. All of our pooled funds are in the respective funds distributing share class, which pay out the income generated. They have no defined maturity date, but are available for withdrawal, some with a notice period.

- 2.23 We regularly monitor all our external funds' performance and continued suitability in meeting our investment objectives.

Borrowing and debt management

- 2.24 The council's debt portfolio is detailed in the table below. Our loan portfolio increased by £23.8 million due to more short term loans at the end of the year.

Interest calc	Lender	Loan type	Principal £'000	Initial loan period (yrs)	Period remaining years	Maturity date	Rate
Long-term							
Fixed	PWLB	EIP	230	10	1.0	31/03/2021	3.60%
Variable	PWLB	Maturity	45,000	10	2.0	28/03/2022	0.96%
Fixed	PWLB	Maturity	10,000	12	4.0	28/03/2024	2.70%
Fixed	PWLB	Maturity	10,000	13	5.0	28/03/2025	2.82%
Fixed	PWLB	Maturity	10,000	14	6.0	28/03/2026	2.92%
Fixed	PWLB	Maturity	10,000	15	7.0	28/03/2027	3.01%
Fixed	PWLB	Maturity	25,000	17	9.0	28/03/2029	3.15%
Fixed	PWLB	Maturity	25,000	20	12.0	28/03/2032	3.30%
Fixed	PWLB	Maturity	25,000	25	17.0	28/03/2037	3.44%
Fixed	PWLB	Maturity	15,000	29	21.0	28/03/2041	3.49%
Fixed	PWLB	Maturity	17,435	30	22.0	28/03/2042	3.50%
Short-term							
Fixed	Broxbourne BC	Maturity	2,000	0.75	1.0	01/04/2020	0.80%
Fixed	LB Havering	Maturity	5,000	0.75	1.1	22/04/2020	0.82%
Fixed	Stockport MBC	Maturity	10,000	0.08	1.1	27/04/2020	1.00%
Fixed	LB Ealing	Maturity	2,000	1.00	1.1	19/05/2020	0.95%
Fixed	Cambridge CC	Maturity	3,000	1.00	1.1	19/05/2020	0.95%
Fixed	Rushcliffe BC	Maturity	5,000	1.00	1.1	20/05/2020	0.95%
Fixed	Cambridge & Peterborou	Maturity	8,000	0.92	1.1	20/05/2020	0.80%
Fixed	South Derbyshire	Maturity	3,000	1.00	1.2	01/06/2020	0.93%
Fixed	West Dumbartonshire	Maturity	6,000	1.00	1.4	07/09/2020	0.75%
Total			236,665				

- 2.25 Our primary objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should our long-term plans change being a secondary objective.
- 2.26 The rate on the variable rate loan is the average for the year.
- 2.27 We also have short-term loans outstanding at the end of the year which we took out for cash flow purposes, from other local authorities. Temporary and short-dated

loans borrowed during the year from other local authorities remained affordable and attractive.

- 2.28 Affordability and the “cost of carry” remained important influences on our long-term borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would be invested at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained low, and are likely to remain low at least over the forthcoming two years, lower than long-term rates, the council determined it was more cost effective in the short-term to use internal resources and borrow short-term to medium-term instead.
- 2.29 The Councils borrowing position is monitored regularly as to whether it is more beneficial to externalise borrowing now or whether to continue internal borrowing based on predicted future borrowing costs (which are likely to be higher). Arlingclose assist us with this ‘cost of carry’ and break even analysis.
- 2.30 The PWLB raised the cost of the certainty borrowing rate by 1% to 1.8% above UK Gilt yields as HM Treasury were concerned about the overall level of local authority debt. PWLB borrowing remains available, but at a margin of 180bp above gilts appear expensive. Market alternatives are available and new products will be developed but the financial strength of individual authorities will be scrutinised by investors and commercial lenders.
- 2.31 The Chancellor’s March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB’s future direction. Announcements included:
- a reduction in the margin on new HRA loans to 0.80% above equivalent gilt yields. The value of this discount is 1% below the rate at which the authority usually borrows from the PWLB, available from 12th March 2020 and
 - £1.15 billion of additional “infrastructure rate” funding at gilt yields plus 0.60% to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.
- 2.32 The consultation titled “Future Lending Terms” represents a frank, open and inclusive invitation, allowing key stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals on allowing authorities that are not involved in “debt for yield” activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield without impeding their ability to pursue their core policy objectives of service delivery, housing, and regeneration. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.
- 2.33 The consultation closes end of July with implementation of the new lending terms expected in the latter part of this calendar year or financial year beginning 2021-22.

3. Treasury and prudential indicators

- 3.1 The Local Government Act 2003 requires local authorities to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury

decisions are taken in accordance with good professional practice. To demonstrate the Council has fulfilled these objectives, the Prudential Code sets various indicators that must be set and monitored each year.

- 3.2 The CFO confirms that we have complied with our prudential indicators for 2019-20, which were approved in February 2019 as part of the treasury management strategy statement. The CFO also confirms that we have complied with our treasury management policy statement and treasury management practices during 2019-20.

Balance sheet and treasury position prudential indicator

- 3.3 The capital financing requirement (CFR) measures the council's underlying need to borrow for a capital purpose. Over the medium-term, borrowing must be only for a capital purpose, although in the short-term, we can borrow for cash flow purposes, which does not affect the CFR.

- 3.4 The council's CFR for 2019-20 is shown in the following table

Capital Financing Requirement	2019-20 Approved Estimate £000	2019-20 Revised Estimate £000	2019-20 Actual £000
HRA			
Opening balance (01 Apr 19)	197,024	197,024	197,024
Movement in year: Unfinanced cap exp	0	0	0
Closing balance (31 Mar 20)	197,024	197,024	197,024
General Fund			
Opening balance (01 Apr 19)	119,915	100,552	106,939
Movement in year: Unfinanced cap exp	49,925	43,709	18,345
Movement in year: MRP	(1,019)	(1,019)	(927)
Closing balance (31 Mar 20)	168,821	143,242	124,357
Total			
Opening balance (01 Apr 19)	316,939	297,576	303,963
Movement in year: Unfinanced cap exp	49,925	43,709	18,345
Movement in year: MRP	(1,019)	(1,019)	(927)
Closing balance (31 Mar 20)	365,845	340,266	321,381
Balances and Reserves	(154,409)	(168,628)	(133,189)
Cumulative net borrowing requirement / (investments)	211,436	171,638	188,192

- 3.5 The GF unfinanced capital expenditure mainly relates to property purchases, internal estate road and loan / equity to North Downs housing. This is lower than budgeted because of the slippage in the capital programme – we projected some slippage during the year, which is shown by the revised estimate (as in the strategy report presented to Council in February 2020).

- 3.6 We budgeted an underlying need to borrow of £86.7 million for 2019-20, and our actual underlying need to borrow was £18.3 million because of slippage in the capital programme and also a higher amount of capital receipts than anticipated.

Gross debt and the CFR

- 3.7 We monitor the CFR to gross debt continuously to ensure that, over the medium term, borrowing is only for a capital purpose and does not exceed the CFR. This is a key indicator of prudence. We will report any deviations to the CFO for investigation and appropriate action. The following table shows the council is in a net internal borrowing position and gross debt does not exceed the CFR over the period.

Gross Debt and the CFR	2019-20 Actual £000
General Fund CFR	124,357
HRA CFR	197,024
Total CFR (at 31 March)	321,381
Gross External Borrowing	(236,665)
Net (external) / internal borrowing position	84,716

- 3.8 Actual debt levels are monitored against the operational boundary and authorised limit for external debt, detailed in paragraph 3.20 to 3.25.
- 3.9 We are showing as being internally borrowed up to £124 million in at the end of March 2020.

Capital expenditure prudential indicator

- 3.10 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits, and, in particular, to consider the impact on council tax or housing rent levels for the HRA.
- 3.11 The following table shows capital expenditure in the year, compared to the original estimate approved by the Executive in January 2019.

Projects	Original Estimate (£'000)	Actual (£'000)	Variance (£'000)
<u>Housing Revenue Account</u>			
HRA Capital Programme	8,973	8,887	(86)
Total Housing	8,973	8,887	(86)
<u>General Fund</u>			
Rodboro through road	450	7	(443)
Spectrum roof & CHP	300	164	(136)
Public Realm	1,425	19	(1,406)
Internal Estate road	6,500	8,278	1,778
A331 hotspots	2,230	121	(2,109)
Town centre approaches	1,033	7	(1,026)
Ash road bridge	4,060	1,260	(2,800)
Town centre gateway regeneration	3,481	7	(3,474)
Guildford Park CP	3,509	706	(2,803)
Midleton redevelopment	3,649	1,641	(2,008)
Strategic property	4,647	7,024	2,377
WUV	6,000	10,414	4,414
Provisional schemes	17,576	0	(17,576)
Other General Fund Projects	30,947	18,421	(12,526)
Total General Fund	85,807	48,069	(37,738)
Total Capital Programme	94,780	56,956	(37,824)

3.12 The table shows that there was a lot of slippage in the capital programme. This was mainly over a few larger schemes including:

- provisional schemes were re-profiled during the year, and include:
 - various transport schemes
 - ash road bridge
 - Guildford park car park
 - Midleton redevelopment

3.13 The following table shows the financing of capital expenditure in the year, compared with the original approved estimate.

CAPITAL EXPENDITURE - SUMMARY	Original Estimate (£'000)	Actual (£'000)
General Fund Capital Expenditure		
- Main programme	78,177	45,041
- Reserve & s106 Capital Schemes	6,805	2,386
- General Fund Housing	825	645
HRA Capital expenditure		
- Main programme	8,973	8,887
Total Capital Expenditure	94,780	56,959
CAPITAL EXPENDITURE - SUMMARY	Original Estimate (£'000)	Actual (£'000)
General Fund Capital Expenditure Financed by:		
- Borrowing/Use of Balances	(53,355)	(18,345)
- Capital Receipts	0	(18,112)
- Capital Grants/Contributions	(18,703)	(8,421)
- Capital Reserves/Revenue	(13,749)	(3,194)
HRA Capital Expenditure Financed by:		
- Capital Receipts	(4,692)	(1,491)
- Capital Reserves/Revenue	(4,281)	(7,396)
Financing - Totals	(94,780)	(56,959)

- 3.14 GF borrowing was less than budgeted because of slippage in the capital programme, and an increase in the opening of available capital resources which reduced the need for internal borrowing in the year.

Ratio of financing costs to the net revenue stream prudential indicator

- 3.15 This is an indicator of affordability and highlights the revenue impact of capital expenditure by identifying the proportion of the revenue budget required to meet the financing costs associated with capital spending. Financing costs include interest on borrowing, MRP, premium or discount on loans repaid early, investment income and depreciation where it is a real charge.
- 3.16 Depreciation is not a real charge to the GF, but has been to the HRA since April 2012.
- 3.17 The ratio is based on costs net of investment income.
- 3.18 The net revenue stream for the GF is the total budget requirement and for the HRA is total income. Where the figure is negative, it is because there is a net investment position (more investments than debt). The total budget requirement for the GF used is the 2019-20 budget.

	2019-20 Original Estimate	2019-20 Actual
General Fund	10.61%	-1.60%
HRA	33.09%	34.18%

- 3.19 The figure for the GF is negative because interest received is higher than financing costs (interest payable, debt management costs and MRP). The budget assumed a

large amount of external borrowing for the capital programme which was not required and was reported throughout the year as part of budget monitoring.

The authorised limit prudential indicator

- 3.20 The Local Government Act 2003 requires the council to set an affordable borrowing limit, irrespective of the indebted status. This is a statutory limit, which we cannot breach.
- 3.21 The limit is the maximum amount of external debt we can legally owe at any one time. It is expressed gross of investments and includes capital expenditure plans, the CFR and cash flow expenditure. It also provides headroom over and above for unexpected cash movements.
- 3.22 The limit was set at £591 million for the year and the highest level of debt was £230 million.
- 3.23 We measure the levels of debt on an ongoing basis during the year for compliance. The CFO confirms there were no breaches to the authorised limit in 2019-20.

The operational boundary prudential indicator

- 3.24 The operational boundary, based on the same estimates as the authorised limit, reflects the most likely, prudent but not worst case scenario. It does not allow for additional headroom included in the authorised limit.
- 3.25 The limit was set at £535 million for the year and the highest level of debt was £230 million.

Upper limit for fixed and variable interest rate exposures treasury indicator

- 3.26 This indicator is set to control exposure to interest rate risk. We calculate exposures on a net basis (fixed rate debt net of fixed rate investments). We take fixed rate to be if it was taken out as a fixed rate loan/investment regardless of its duration.

Net Debt / (Investments) on Principal outstanding	2019-20 Actual £000
Limits on fixed interest rates	179,680
Limits on variable interest rates	(17,495)

- 3.27 The above shows the peak in the year. Variable is negative because we had more variable rate investments than debt. We include our external funds as variable rate investments.

Maturity structure of fixed rate borrowing treasury indicator

- 3.28 The aim of this indicator is to control our exposure to refinancing risk (large concentrations of fixed rate debt needing refinancing at once). We calculate this as the amount of fixed rate borrowing maturing in each period as a percentage of fixed rate borrowing.

	Upper Limit	Lower Limit	Actual at 31 March 2020	Value of loans maturing
Under 12 months	15%	0%	23.08%	44,230,000
1-2 years	20%	0%	0.00%	0
3 to 5 years	25%	0%	5.22%	10,000,000
6 to 10 years	50%	0%	28.70%	55,000,000
11-15 years	100%	0%	13.04%	25,000,000
16-20 years	100%	0%	13.04%	25,000,000
21-25 years	100%	0%	16.92%	32,435,000
Over 26 years	100%	0%	0.00%	0

- 3.29 The above table shows the amount of debt maturing in each period and its percentage of total fixed rate loans. The targets were set to give us flexibility for drawing down new loans on a fixed or variable rate basis. If a lower upper limit for fixed rate debt were set, the council would be giving itself a greater exposure to interest rate changes by having more variable rate debt. The upper limit for under 12 months was set to cover any short-term borrowing for cash flow purposes and for allowing for the principal loan repayments falling in that period.
- 3.30 The limit for that maturing within 12 months is higher due to short-term borrowing levels. 45% of our fixed rate debt matures within the next 10 years, with the majority being in years 6-10. This gives the council stability in its interest payments over that time, and time to consider refinancing options. The first fixed rate loan matures in 2024.

Actual external debt treasury indicator

- 3.31 This indicator comes directly from our balance sheet. It is the closing balance for actual gross borrowing (short and long term) plus other deferred liabilities. It is measured in a manner consistent for comparison with the authorised limit and operational boundary.
- 3.32 Actual external debt (as per 3.7) stood at £237 million.

Upper limit for total principal sums invested over 1 year

- 3.33 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the council having to seek early repayment of the sums invested.
- 3.34 Our limit was set at £50 million, we ended the year with exposure of £45.6 million.
- 3.35 As mentioned earlier in the report, many of our long-term investments are covered bonds, which can be sold on the secondary market. There could be a price differential if they were sold, but it is unlikely to be material.

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GBC INVESTMENT PROPERTY FUND PORTFOLIO ANNUAL REPORT

Current Fund Summary – 2019/20

OBJECTIVE OF FUND

The Investment Property Fund aims to provide a high and secure level of income with the prospect of income growth, and to maintain the capital value of the properties held in the Fund. This is achieved by working to keep vacancies and associated costs to a minimum and by generating income growth through rental increases, refurbishments, active asset management and new lettings, as well as investing in a diversified commercial property portfolio.

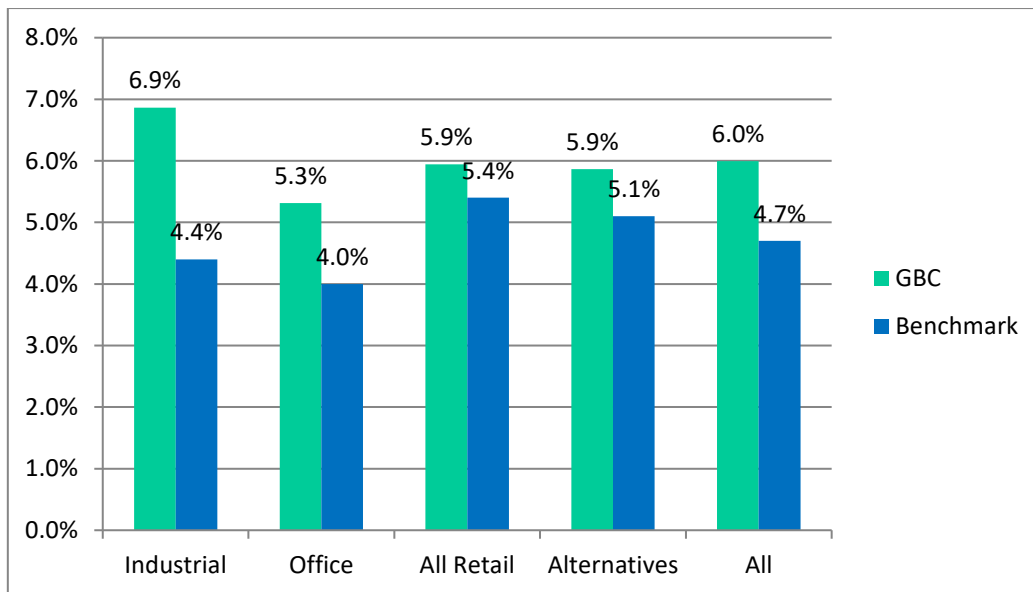
KEY POINTS – 31 MARCH 2020

- Fund size c.£152 million.
- Rental income of over £8.1 million pa.
- 156 properties over 4 main sectors
- High yielding (6% net of costs/voids)
- Low vacancy rate (3.29%)
- Long average unexpired lease terms

TOP SIX SINGLE INVESTMENTS

- Wey House, Farnham Rd
- Friary Centre
- The Billings, Walnut Tree Clse
- 10 Midleton Industrial Estate
- Friary Street, West Side
- Moorfield Point, 41 Moorfield Rd

FUND PERFORMANCE AGAINST UK BENCHMARK 2018/19



KEY ACQUISITIONS AND DISPOSALS 2018/19

Property	Interest	Price paid	Date of completion	Previous rent pa	Estimated rent pa
ACQUISITIONS					
1 & 2 Thornberry Way, Slyfield	Leasehold (to merge Freehold)	£6,550,000	04/12/2018	£51,570	£590,000
DISPOSALS					
Liongate, Ladymead	Freehold	£10,170,000	06/03/2020	£ 980,000	N/A

Property Investment Fund – 2019/20

FUND STRATEGY

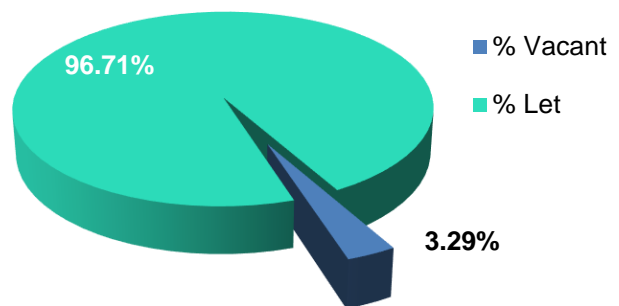
The Fund comprises the principal commercial property sectors: office, retail, industrial and alternatives (hotels, car showrooms, petrol stations, leisure, etc.).

Officers aim to achieve an above average income return by keeping vacancies and associated costs (such as empty rates, service charges, repairs and insurance) to a minimum and by generating income growth through rental increases, refurbishments, active asset management and new lettings. The vacancy rate is currently 3.29% (excluding intentional voids).

VACANCY RATE

Based on days per property

Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
1.39%	2.07%	4.57%	5.11%	3.29%



PERFORMANCE

The fund currently stands at just over £152 million with a total rent roll of over £8.1 million per annum. This represents a total net return of 6.0%. This is down from last year for a number of reasons:

- Disposals and Acquisitions - Liongate House was sold in March 2020 for £10.17m (£980,000pa). This was partially offset by the purchase of Thornberry Way in August 2019 for £6.55m. These transactions helped to reduce the fund’s exposure to office stock whilst increasing industrial holdings.
- Revaluation of High Street Assets - whilst a number of industrial assets experienced large increases in value, there was a shift away from High Street retail (pre COVID-19) leading to declining rents and increased vacancy levels. This led to a number of the asset having to be re-valued. However, due to the rent review patterns, rental income for Council owned shops remained unaffected in 2019/20.
- Midleton Redevelopment – As units were vacated ready for demolition rental income was affected (rental loss of c.£210,000pa). Some units were also temporarily de-valued as a result. Officers have tried to mitigate the impact of the redevelopment where possible by keeping tenants in the units until they are required for demotion and temporarily re-letting properties after demolition (for example, the cleared sites at 3 & 4 Midleton have been let for external storage generating £10,500pa).

**GBC INVESTMENT PROPERTY
FUND PORTFOLIO ANNUAL REPORT**

Fund Performance (total return) *					
<u>Rental income</u>					
	Industrial	Office	All Retail	Alternatives	All
2015/16	2,679,571	1,831,900	1,750,254	885,636	7,147,361
2016/17	3,057,302	1,858,638	1,447,672	1,062,137	7,425,749
2017/18	3,493,405	3,186,048	1,426,317	1,080,786	9,186,556
2018/19	3,619,808	3,038,548	1,459,048	1,129,361	9,246,765
2019/20	3,369,452	2,135,460	1,459,548	1,139,397	8,103,857
<u>Capital value</u>					
	Industrial	Office	All Retail	Alternatives	All
2015/16	39,077,755	19,227,500	34,270,000	11,233,500	103,808,755
2016/17	42,922,450	25,915,000	25,908,500	15,963,500	110,709,450
2017/18	51,509,000	49,574,000	26,065,000	17,471,500	144,619,500
2018/19	66,970,000	49,159,000	26,097,000	18,843,000	161,069,000
2019/20	72,295,790	35,609,000	26,097,000	18,143,000	152,144,790
<u>Income return</u>					
	Industrial	Office	All Retail	Alternatives	All
2015/16	8.0%	7.5%	5.6%	7.5%	6.8%
2016/17	7.1%	7.2%	5.6%	6.7%	6.7%
2017/18	8.0%	7.4%	5.2%	5.8%	6.6%
2018/19	6.8%	6.6%	5.9%	5.8%	6.3%
2019/20	6.9%	5.3%	5.9%	5.9%	6.0%
<u>Benchmark return</u>					
	Industrial	Office	All Retail	Alternatives	All
2015/16	6.1%	4.7%	5.4%	4.7%	5.2%
2016/17	5.4%	4.1%	5.0%	5.5%	4.8%
2017/18	4.9%	4.1%	5.1%	5.3%	4.8%
2018/19	4.4%	4.0%	5.1%	5.0%	4.6%
2019/20	4.4%	4.0%	5.4%	5.1%	4.7%

* Excludes Finance leases

- Other Voids – Tenant liquidations have led to voids including two floors at 2 The Billings, and 1 North Moors (now under offer). Other voids included: 10 Midleton (now under offer); Thornberry Way (the Hub is also under offer); 23 Woodbridge Meadows (agreement for lease in place); and Castle St 40A (moth balled for disposal - awaiting Museum review).
- Reclassification of Assets to the Operational Portfolio – Some assets have been transferred to the Operational portfolio. This represents a total loss in value of £1,220,000 (£96,325pa in rent).
- Weyside Urban Village - the loss of units on Slyfield Industrial Estate to enable site assembly for the Weyside Urban Village. This represents a total loss in value of c.£500,000 (and just under £100,000pa in rent).

- COVID-19 - The Coronavirus epidemic did touch the end of the 2019/20 and delayed a number of lettings but, on the whole, 2019/20 preceded the deepening of the situation and the subsequent declaration of a Global Pandemic.

Whilst the value and income of the/ portfolio has reduced this year as a result of the above, due to mitigating income generation through rent reviews, new lettings and active asset management the fund continues to perform well and significantly above benchmark.

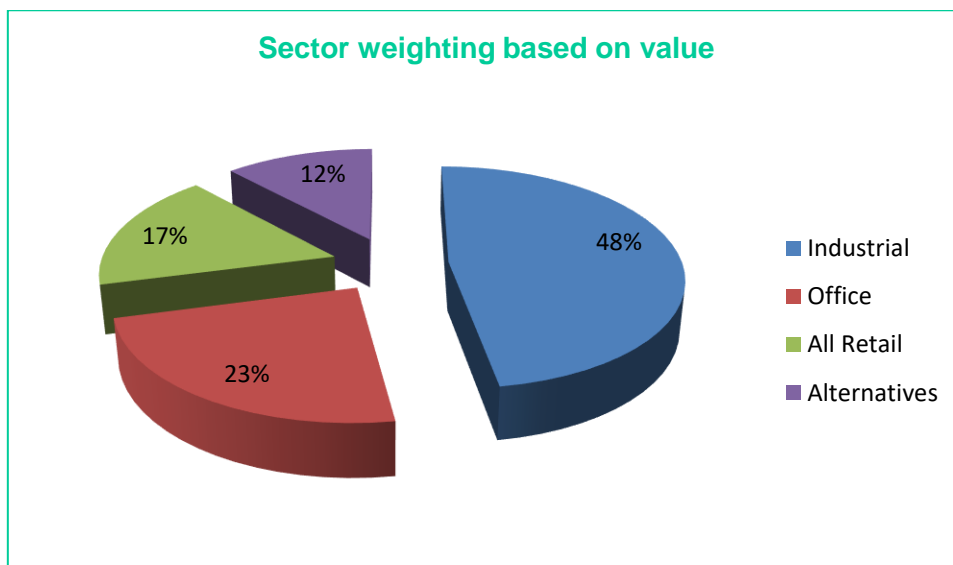
KEY TRANSACTIONS

Property	Transaction	Previous rent pa	New rent pa	Comment
Stonebridge Depot, Shalford	New 10-year lease	£131,450	£222,000	Uplift of 69%
12 Midleton Industrial Estate	Rent review	£80,000	£115,000	Uplift of 44%
3 The Billings, Walnut Tree Close	New 10-year lease		£154,424	After long void period

Currently the investment fund has a high weighting of industrial investments in comparison to and office, retail and alternatives. This is higher than last year due to the acquisition of 1 & 2 Thornberry Way (increasing industrial exposure from 42% to 48%) and disposal of Liongate House (reducing office exposure from 30% to 23%).

Industrial was the strongest sector going into lockdown and the sector expected to hold up best 2020/21. Although, smaller/older units linked to manufacturing or public facing may have slightly decreased value due to increased risks around tenant liquidity, voids and rental values going forwards.

Alternatives performed well in 2019/20 there may be temporary valuation falls to reflect increased risk around these asset types in the light of COVID-19. However, this should not be significant in % terms and should not affect the strategy for the fund.



GBC INVESTMENT PROPERTY FUND PORTFOLIO ANNUAL REPORT

Overall, the make-up of the portfolio as detailed above is considered to mitigate against significant value and income falls.

The Council's ability to source the right investment stock at the right price continues to be the biggest driver of performance.

KEY ACQUISITIONS AND DISPOSALS 2019/20



Llongate House, Ladymead

Llongate is a 43,000 sq.ft late 1980s office building situated on Ladymead. The tenant actioned a tenant only break clause in September 2019. Whilst in a prominent position alongside the A3 and Ladymead at the Stoke intersection, the location is not very convenient for office-based staff as there is virtually no local amenity

and it is not well positioned for public transport, being more than one mile from Guildford mainline station.

The Property is over thirty years old and would require substantial investment to be capable of new occupation. In addition, the Guildford Office market is going through a structural change in terms of relocation and shrinkage of some of the mature corporates. Demand is now for smaller space, good quality Grade A offices, centrally located. To complicate matters, the majority of the site is currently designated Environment Agency Flood Zone 3b.

Given the lack of demand for large offices and the issues around planning it was decided to market the site. The property was sold in March 2020 for £10,170,000.



The Hub, 1 Thornberry Way & The Rock, 2 Thornberry Way

The Council owned the freehold of these modern industrial warehouses. In August 2019, the Council acquired the leasehold for £6,550,000.

This is a key strategic acquisition in terms of location on the Slyfield Industrial Estate. The Council's freehold interest was valued by VOA earlier this year at £1,205,000. The Council's interest after acquisition has been valued by independent valuers, Avison Young, at £8,450,000. This valuation explicitly allowed for a marketing void for each unit, assumed rent free, and capital expenditure for refurbishment.

The Hub is currently being refurbished and is under offer. Works to refurbish the Rock are due to start shortly.

Asset Investment Fund 2020-23

A new Asset Investment Fund of £40 million was approved by the Executive in January 2020 as part of the Capital and Investment Strategy 2020-21 to 2024-2025. However, the Asset Investment Strategy which was due to go to the Executive in March 2020 has been put on hold pending the outcome of COVID-19.

CURRENT PROJECTS

Midleton Industrial Estate Redevelopment

The Council is currently undertaking a phased redevelopment of Midleton Industrial Estate.



Phase 1 - Development of a pair of new semi-detached industrial units (c.5,000 sq.ft. each) with offices, has been progressing in spite of Covid-19. The current projected completion date is now the July 2020; one unit is already under offer.

Phase 2/3 - Development of 15 new units (850-6,000 sq.ft.) following demolition of plots 12 - 15. Demolition works are well underway and construction works have been tendered. It is anticipated that work will follow on immediately from completion of the demolition works. Indicative programmes suggest that the construction work could be complete by summer 2021.



Phase 4 - Design work for 20 small units (650 -800 sq. ft.) and demolition of plots 3-5 (completed) and 9 is well underway and a planning application will be submitted shortly. Work will then commence on detailed design and preparation of documents to issue to tender.

LOCAL PROPERTY MARKET 2019/20 REVIEW

Industrial

The industrial sector remained resilient in the first half of 2019/20 with tenant demand for space continuing to rise steadily.

The Guildford occupational market experienced rental growth characterised by a significant reduction in the availability of existing stock, limited new build and strong levels of take up. This has been fuelled considerably by the growth in internet retailing, online sales and customer fulfilment.

Industrial stock in Guildford Borough is made up of a number of industrial estates. Slyfield Industrial Estate is the main industrial estate (the biggest and arguably best located) within Guildford and comprises a mix of units in terms of size, configuration and uses. In the town centre, pressures on industrial land from higher value uses are adding to the supply constraints, pushing rents upwards and delivering real rental growth.

Office

Whilst available office supply in Guildford has been declining, the departure of key corporate occupiers (Ericsson, Honeywell UOP and Sanofi) from the town has not helped the local office market.

Total availability (which includes new build/refurbishment schemes now on site) was 380,514 sq.ft. at end of Q4 2019 compared to total availability of 432,000 sq.ft. at end Q4 2018.

The market is reliant on the SME's for take up and demand is generally for smaller space areas of 3,000 -10,000 sq ft. It will take a number of these to fill the vacancy left by the larger corporates.

GBC INVESTMENT PROPERTY FUND PORTFOLIO ANNUAL REPORT

In 2019, the office market take-up in Guildford totalled 127,000 sq.ft. (the ten-year average annual take-up in Guildford is just over 90,000 sq.ft.). The town centre accounted for 53% of the take up by floor space and 50 % of the floor space by number of deals. Additionally, 80% of take up was of Grade A space.

The computer games sector continues to go from strength to strength. As an example, Wargaming have been experiencing stellar growth with their floor space increasing from circa 3,000 sq. ft. in early 2019 to 25,000 sq. ft. now.

Retail

There has been a shift in the demand for High Street retail premises; this has led to declining rents and increased vacancy levels. In 2018 rents were being agreed at just over £300psf ITZA, this has changed significantly over the last few years and has led to a reduction close to £200psf ITZA in 2019/20 which is set to reduce further in 2020/21.

Retail property was undoubtedly affected by uncertainty over Brexit, however the more significant driver of falling values and transactional volumes was the structural challenges around online and omni-channel retailing. This was the weakest category going into Lockdown and is anticipated to be one of the worst affected, with negative trends exacerbated.

Retail warehousing is arguably the most defensive part of UK retailing against the rise of online retail sales. Despite the negative sentiment surrounding the sector, there continues to be significant occupational activity particularly at the value end of the market (Aldi, Lidl, B&M, The Range, Home Bargains).

LOCAL PROPERTY MARKET – OUTLOOK

The impact of Covid-19 will be the main driver of economic performance in the near term. Despite the monetary economic, and fiscal measures that have been put in place to combat the economic fallout of the virus, it is strongly anticipated that the UK will enter a deep recession in 2020 which will exceed that observed in 2008-09 and indeed may surpass other historical crises. Among economists, there is a wide disparity on the case for the strength and speed of economic rebound¹.

While property markets generally behave in similar ways during recessions (with tenant demand reducing, subletting rising, vacancy rates rising and ultimately rents falling), it is felt that consumer behaviour will shape the angle of the recovery and understanding how and where the economy will recover first, whether it be through a rise in precautionary saving or paying down debts (as non-essential spending has meant disposable incomes), a surge in spending on treats or in driving structural change².

The other major moving part in the UK's recovery is Brexit. The already tight timeline set out for trade negotiations will be stretched further and there remains a high level of uncertainty surrounding UK's future relationship with EU.

Rents across the industrial sector meanwhile are expected to prove more resilient³ with prime rents still expected to rise marginally according to the Q1 results in full.

In the office market there's a lot of debate over whether societies way of working has now changed forever. This will depend on whether workers and employers are more worried about presenteeism and job security in a time of rising unemployment rather than social distancing and downsizing.

Investors are certainly applying a "wait-and-see" approach.

Agenda item number: 10

Appendix 2

GBC INVESTMENT PROPERTY FUND PORTFOLIO ANNUAL REPORT

2019/20

¹ Avison Young: Economic and Property Market Review

² Savills: Looking ahead to the shape of the UK's recovery post-Covid-19

³ RICS Q1 2020: UK Commercial Property Market Survey

G. F. CAPITAL PROGRAMME - EXPENDITURE

2019-20

	Service Unit / Scheme	Original Estimate £	Outturn Estimate £	Actual £ p	Variance (o/s = overspend) £
	1. APPROVED CAPITAL PROGRAMME SCHEMES				
	COMMUNITY DIRECTORATE				
	- Mandatory DFG	605,000	779,720	439,971.29	(339,748.44)
	- Better Care Fund	-	0	235,958.77	235,958.77
	- Home Improvement Grants (w.e.f. 2003)	-	0	83,644.42	83,644.42
	- BCF TESH project	-	0	5,652.83	5,652.83
	BCF Prevention grant	-	0	13,897.62	13,897.62
	- SHIP: Equity Loans Scheme Imps	-	0	594.80	594.80
	- General	100,000	0	0.00	-
	- General	120,000	0	0.00	-
	- Bright Hill CP	0	24,773	24,772.50	-
	- Garage Sites - General	0	1,106	1,106.00	-
	- Japonica Court/Shawfield Day Centrw	0	2,150	2,150.00	-
	SITE B10b Feasibility	0	0	1,503.00	1,503.00
	Redevelopment bid 13	0	0	109,126.70	109,126.70
ED3/15	Disabled Access (DDA) Improvements: ph.2 & 3 (COMPLETE)	0	300	300.00	-
ED14(e)	Void investment property refurbishment works	10,000	0	0.00	-
ED14	5 High Street void works	55,000	85,999	85,998.98	-
ED14	Unit 3 The Billings void works COMPLETE	0	1,000	985.04	(14.96)
ED16	10 Midleton void works	-	7,350	7,350.24	-
ED19	Asbestos surveys and removal in non-residential council premises COMPLETE	32,000	24,701	24,701.11	-
ED21	Methane gas monitoring system	45,000	0	0.00	-
ED22	Energy efficiency compliance - Council owned properties	0	23,473	23,472.50	-
ED26	Bridges -Inspections and remedial works	0	1,280	1,280.00	-
ED26	Bridges - Millmead Lattice	-	8,470	8,470.00	-
ED35	Electric Theatre - new boilers	120,000	0	0.00	-
ED41	The Billings roof	0	0	0.00	-
ED42	Guildford house damproofing- removal of decayed timber panelling and math	0	813	812.80	-
ED44	Broadwater cottage	172,000	24,884	24,884.49	-
ED45	Gunpowder mills - scheduled ancient monument	145,000	4,380	4,380.11	-
ED46	New House - short term works following acquisition (COMPLETE)	0	1,365	1,365.00	-
ED52	Public Realm Scheme (Chapel Street/Castle Street/Tunsgate)	1,425,000	19,221	19,220.81	-
ED47	Cladding of Ash Vale units (rREMOVE)	135,000	(7,728)	(7,728.28)	-
ED55	48 Quarry Street, Museum - structural works	232,000	295,573	295,573.00	-
ED53	Tyting Farm Land-removal of barns and concrete hardstanding	200,000	7,659	7,659.18	-
ED56	Foxenden Tunnels safety works	110,000	22,209	22,208.90	-

ED57	Holy Trinity Church boundary wall	63,000	8,317	8,317.03	-
	Millmead - IT Cooling System COMPLETE	0	132,166	132,316.86	150.86
	COMMUNITY DIRECTORATE - Totals	3,569,000	1,469,180	1,579,945.70	110,765.60
	ENVIRONMENT DIRECTORATE				
OP1	Flood resilience measures (use in conjunction with grant funded schemes)	21,000	0	0	-
OP5	Mill Lane (Pirbright) Flood Protection Scheme	16,000	0	0.00	-
OP6	Vehicles, Plant & Equipment Replacement Programme	579,000	348,613	348,613.14	-
	- Mary Road Flood (EA grant) COMPLETE	29,000	0	0.00	-
OP20	Flood resilience measures (use in conjunction with grant funded schemes)	100,000	0	0.00	-
OP23	Flats recycling - new bins COMPLETE	0	9	0.00	(9.00)
OP25	WRD roads and footpaths	40,000	54,257	54,256.81	-
OP26	Merrow lane grille & headwall construction	57,000	0	0.00	-
OP27	Merrow & Burpham surface water study	15,000	0	0.00	-
OP28	Crown court CCTV	10,000	0	0.00	-
OP17	New vehicle washing system	0	65,818	65,763.11	(54.89)
PL11	Spectrum Roof replacement	300,000	164,391	145,153.15	(19,238.20)
	- Spectrum roof - steelwork ph3	0	0	19,238.20	19,238.20
PL15(a)	Infrastructure works: Guildford Commons: Merrow	0	2,185	2,185.16	-
PL15(b)	Infrastructure works: Guildford Commons: Shalford	0	18,602	18,602.00	-
PL20(b)	Westnye Gardens play area	0	4,151	4,151.21	-
PL34	Stoke cemetry re-tarmac	47,000	0	0.00	-
PL35	Woodbridge rd sportsground replace fencing	0	66,719	66,719.24	-
PL36	Stoke Park Composting facility NO LONGER REQD	105,000	0	0.00	-
PL39	Aldershot rd allotment expansion & improvement	0	7,000	6,922.00	(78.00)
PL42	Pre-sang costs	61,000	26,672	26,671.83	-
PL43	Stoke Cemetry Chapel - phase 2(COMplete)	0	898	898.06	-
PL47	Wall repairs for parks, cemeteries & recreation facilities(COMplete)	0	30,079	30,078.52	-
ED18	Museum and castle development	180,000	0	0.00	-
PL57	Parks and Countryside - repairs and renewal of paths,roads and car parks	0	26,695	26,695.15	-
PL24	Kings college astro turf	0	417,491	417,490.82	-
PL58	Shalford Common - regularising car parking/reduction of encroachments	60,000	22,128	22,128.00	-
PL60	Traveller encampments - Bellfields Green	72,000	61,842	61,841.54	-
	ENVIRONMENT DIRECTORATE - Totals	1,692,000	1,317,550	1,317,407.94	(141.89)
	FINANCE DIRECTORATE				
FS1	Capital contingency fund	5,000,000	0	0.00	-
	FINANCE DIRECTORATE- Totals	5,000,000	0	0.00	0.00
	DEVELOPMENT - INCOME GENERATING ETC				

ED25	Guildford Park - new MSCP and infrastructure works	3,509,000	705,919	380,985.74	(324,933.61)
	- Guildford Park - Housing for private sale	0	0	324,933.61	324,933.61
	- Investment in North Downs Housing (60%)	3,600,000	3,564,600	3,564,600.00	-
	- Equity shares in Guildford Holdings Ltd (40%)	2,400,000	2,376,400	2,376,400.00	-
ED49	Middleton Ind Est Redevelopment	3,649,000	1,640,904	1,640,903.53	-
P12	Strategic property acquisitions	4,647,000	7,024,244	7,024,243.88	-
P5	Walnut Bridge replacement	1,301,000	299,637	299,637.22	-
PL9	Rebuild Crematorium	7,372,000	5,908,627	5,908,627.47	-
PL25	Spectrum Combined Heat and Power (GF contr) COMPLETE	0	14,767	14,766.75	-
PL29	Woodbridge Rd sportsground COMPLETE	0	102,143	102,142.90	-
ED32	Internal Estate Road - CLLR Phase 1	6,500,000	8,278,227	8,278,227.19	-
ED6	Slyfield Area Regeneration Project (SARP)	6,000,000	10,407,000	1,988,514.48	(8,418,485.52)
ED6	WUV - Allotment relocation			150,735.01	150,735.01
ED6	WUV - Int roads, Site clearance			552.00	552.00
ED6	WUV - New GBC Depot			204.57	204.57
ED6	WUV - Thames Water relocation			8,266,847.94	8,266,847.94
ED27	North Street Development / Guild Town Centre regeneration	0	120,535	120,534.90	-
P9c	Town Centre Gateway Regeneration	3,481,000	6,795	6,795.07	-
P10	SMC(West) Phase 1	1,383,000	942,767	942,766.91	-
P16	A331 hotspots	2,230,000	121,469	121,469.27	-
P14	Town Centre Approaches	1,033,000	6,925	6,925.26	-
P22	Ash Bridge Land acquisition	0	101,979	101,979.00	-
P21	Ash Road Bridge	4,060,000	1,157,550	1,157,549.95	-
	DEVELOPMENT INCOME GENERATING ETC - Totals	51,165,000	42,780,489	42,780,342.65	(146)
	Approved programme total	61,426,000	45,567,219	45,677,696.29	110,478
	COMMUNITY DIRECTORATE				
CM1(p)	Old Manor House - replacement windows	193,000	0		-
ED14(P)	Void investment property refurbishment works	170,000	0		-
ED21(P)	Methane gas monitoring system	150,000	0		-
ED26(P)	Bridges	370,000	0		-
ED53(p)	Tyting Farm Land-removal of barns and concrete hardstanding	50,000	0		-
ED54	Rodboro Buildings - electric theatre through road and parking	450,000	6,785	6,785.13	-
ED56(p)	Land to the rear of 39-42 Castle Street	10,000	0		-
PL54(p)	Shawfield DC - fire alarm system and LED lighting upgrade(NO LONGER RE	83,000	0		-
	COMMUNITY DIRECTORATE - Totals	1,476,000	6,785	6,785.13	0.00
	ENVIRONMENT DIRECTORATE				
OP5(P)	Mill Lane (Pirbright) Flood Protection Scheme	200,000	0		-

OP21(P)	Surface water management plan	200,000	0		-
OP22	Town Centre CCTV upgrade	250,000	0		-
PL16(P)	New burial grounds - acquisition & development	100,000	0		-
PL56(p)	Stoke Park Masterplan enabling costs	100,000	0		-
PL57(p)	Parks and Countryside - repairs and renewal of paths,roads and car parks	400,000	0		-
PL58(p)	Sports pavillions - replace water heaters	0	0		-
PL59(p)	Millmead fish pass	60,000	0		-
PL60(p)	Traveller encampments	60,000	0		-
	ENVIRONMENT DIRECTORATE - Totals	1,370,000	0	0	0
	DEVELOPMENT - INCOME GENERATING ETC				
ED25(P)	Guildford Park new MSCP and infrastructure works	4,380,000	0	0.00	-
HC4(p)	Bright Hill Development	180,000	0	0.00	-
P11(p)	Guildford West (PB) station	650,000	0	0.00	-
P15(p)	Guildford bike share	530,000	0	0.00	-
P17(p)	Bus station relocation	300,000	0	0.00	-
P19(p)	Access for all Ash Station funding	250,000	0	0.00	-
P21(p)	Ash Road Bridge	8,440,000	0		-
	DEVELOPMENT - INCOME GENERATION - Totals	14,730,000	0	0	0
	Provisional total	17,576,000	6,785	6785.13	0
	3. PROJECTS FUNDED FROM RESERVES etc.				
	- <u>ENERGY PROJECTS per SALIX RESERVE:(PR220)</u>	0	0		-
R-EN10	LED Lighting replacement	193,000	8,884		(8,884.00)
	- SALIX - BEDFOED RD MSCP LIGHTING UPGRADE	0	19,322	19,322.06	
	SALIX - TARRAGON CT			8,884.00	8,884.00
R-EN11	WRD energy reduction	70,000	0		-
	- GBC 'Invest to Save' energy projects (to be repaid in line with savings)	0	0		-
	Park Barn Day Centre - air source heat pump COMPLETE	0	10,000	9,955.71	(44.29)
R-EN14	SMP - air source heat pump	0	680	680.01	-
	ENERGY RESERVES - Totals	263,000	38,886	38,841.78	(44.29)
	BUDGET PRESSURES RESERVE				
0	Future Guildford implementation team	1,000,000	0		-
	BUDGET PRESSURES RESERVE TOTAL	1,000,000	0	0	0

	FINANCE DIRECTORATE				-
	IT Renewals				
R-IT1	Hardware / software budget	527,000	474,091		(474,091.44)
R-IT2	Hardware	0	0	255,580.85	255,580.85
	- Software	0	0	7,296.78	7,296.78
	PAD Software			45,713.81	
	Printers			165,500.00	
	- ICT infrastructure improvements	0	349,754		(349,754.14)
	- Hardware	275,000	0	62,370.07	62,370.07
	- Software	6,000	0	287,384.07	287,384.07
	- Future Guildford ICT	1,200,000	656,000	655,514.41	(485.59)
	BUSINESS SYSTEMS - IT Renewals Reserve - Totals	2,008,000	1,479,846	1,479,359.99	(211,699.40)
	ENVIRONMENT DIRECTORATE				
	LEISURE SERVICES- SPECTRUM RESERVE				
R-S14	Spectrum schemes (to be agreed with Freedom Leisure)	450,000	0		-
	Spectrum Renewals/Replacement Reserve-Totals	450,000	0	0.00	0.00
	CAR PARKS RESERVE				
R-CP1R-C	Car parks - install/replace pay-on-foot equipment	860,000	0		-
R-CP8	- Castle car park (PR000299) deck surfacing	175,000	107,000	107,121.13	121.13
R-CP18	- Deck Millbrook car park	1,000,000	0		-
R-CP14	Lift replacement (PR000293)	187,000	98,000	98,186.34	186.34
R-CP19	Structural works to MSCP	233,000	50,000	50,000.00	-
R-CP20	MSCP- Deck surface replacement & barriers	593,000	526,481	526,480.81	-
	Car Park Reserves- Totals	3,048,000	781,481	781,788.28	307.47
	Reserves total	6,769,000	2,300,212	2,299,990.05	(211,436)
	4. PROJECTS FUNDED FROM S106				
	ENVIRONMENT DIRECTORATE				
	New WC Ash Cemetry	0	35,146	35,145.67	
S-PL8	Baird Drive/Briars Playground Refurb COMPLETE	0	82	81.71	-
S-PL36	Gunpowder mills - signage, access and woodland imp	0	2,980	2,980.00	-
S-PL38	Chantry Wood Campsite	36,000	0		-
S-PL47	Fir Tree Garden	0	3,765	3,765.00	-
S-PL54	Shalford Swift Tower (Art)	0	6,384	6,384.03	-

S-PL55	Provision Play Area Tongham Recreation ground	0	35,715	35,714.38	(0.62)
S-PL56	SMP outdoor gym equipment COMPLETE	0	2,000	2,200.69	200.69
	ENVIRONMENT DIRECTORATE - Totals	36,000	84,071	86,271	200
	S106 total	36,000	84,071	86,271	200

G. F. CAPITAL PROGRAMME SCHEMES - EXPENDITURE

2019-20

SERVICE UNIT - SUMMARY		Original Estimate £	Updated Estimate £	Actual £ p	Variance (o/s = overspend) £
	GRAND TOTALS (INCL PROVISIONAL)				
	COMMUNITY	5,045,000	1,475,965	1,586,730.83	110,766
	ENVIRONMENT	3,098,000	1,401,621	1,403,679.42	2,058.18
	FINANCE	5,000,000	-	0.00	-
	DEVELOPMENT INCOME GENERATING ETC	65,895,000	42,780,489	42,780,342.65	(146.00)
	ENERGY RESERVES	263,000	38,886	38,841.78	(44.29)
	IT Reserve	2,008,000	1,479,846	1,479,359.99	(485.59)
	Spectrum Renewal reserve	450,000	-	0.00	-
	Car Parks Reserve	3,048,000	781,481	781,788.28	307.47
	SPA Reserves	-	-	0.00	-
	Capital Reserve	1,000,000	-	0.00	-
	TOTAL	85,807,000	47,958,288	48,070,742.95	112,455.37

Schedule of investments at 31 March 2020

Counterparty	Principal £	Rate	Start	End
Fixed investments				
LA - Broxtowe BC	2,000,000	1.0000%	17-May-19	15-May-20
Metropolitan Housing Trust	2,000,000	1.4800%	28-May-19	28-May-20
LA - Thurrock Council	6,000,000	0.9500%	09-Mar-20	09-Sep-20
LA - Thurrock Council	4,000,000	1.1500%	18-Mar-20	20-Apr-20
LA - Calderdale	1,000,000	1.4000%	20-Mar-20	20-Apr-20
LA - Blackpool Council	5,000,000	1.9000%	31-Mar-20	30-Mar-21
	20,000,000			
Long-term Covered bonds				
Bank of Montreal	600,000	1.1349%	20-Jul-17	20-Jul-20
Bank of Montreal	1,400,000	1.1349%	20-Jul-17	20-Jul-20
National Australia Bank	2,000,000	1.1036%	10-Nov-16	10-Nov-21
Commonwealth Bank of Austr	2,000,000	1.1959%	18-Jan-17	22-Dec-21
CIBC	2,000,000	1.1670%	17-Jul-17	30-Jun-22
Santander UK plc	1,000,000	1.1178%	16-Nov-17	16-Nov-22
Barclays Bank UK PLC	1,000,000	1.1542%	23-Oct-18	09-Jan-23
Nationwide	850,000	1.0889%	12-Apr-18	12-Apr-23
United Overseas Bank	1,000,000	1.1336%	01-Feb-19	28-Feb-23
Santander UK plc	1,000,000	1.4419%	12-Feb-19	12-Feb-24
Nationwide	1,500,000	1.2950%	10-Jan-20	10-Jan-25
Leeds BS	750,000	1.2516%	15-Jan-20	15-Jan-25
Coventry BS	500,000	1.2326%	15-Jan-20	15-Jan-25
Lloyds	1,500,000	1.0874%	03-Feb-20	03-Feb-23
National Australia Bank	1,000,000	1.2095%	04-Feb-20	04-Feb-25
	18,100,000			
Long-term investments				
AXA SA bond	1,000,000	1.2555%	27-Jun-19	15-Dec-20
Fife Council	5,000,000	1.7700%	07-Apr-15	07-Apr-20
Highland Council	5,000,000	1.7500%	15-Apr-19	14-Apr-20
Rugby Borough Council	2,000,000	1.8000%	16-Apr-19	15-Apr-20
Rugby BC	3,000,000	1.8000%	05-May-15	05-May-20
Croydon	5,000,000	1.0500%	02-May-18	05-May-20
Staffordshire Moorlands	1,500,000	1.7800%	20-May-15	20-May-20
Southern Housing Group Ltd (6,000,000	1.6000%	06-Feb-20	03-Aug-20
	28,500,000			

Agenda item number: 10
Appendix 4

Counterparty	Principal £	Rate	Start	End
Notice Accounts				
Barclays	3,000,000			
Goldman Sachs 95 day	5,000,000			
	8,000,000			
Call Account				
HSBC	528,000			
	528,000			
Revolving Credit Facility				
One housing group	5,000,000			
	5,000,000			
Money market funds				
Aberdeen	7,653,000			
CCLA	2,313,000			
Federated	4,529,000			
	14,495,000			
Total internally managed	94,623,000			
Externally managed				
CCLA	6,514,007			
Royal London	2,227,920			
M&G	1,126,577			
Schroders	567,847			
Fundamentum (REIT)	1,960,000			
UBS	2,017,992			
Funding Circle	533,426			
Total Externally managed	14,947,769			
Total investments	109,570,769			

Economic background – a commentary from Arlingclose

Economic background:

The UK's exit from the European Union and future trading arrangements, had remained one of major influences on the UK economy and sentiment during 2019/20. The 29th March 2019 Brexit deadline was extended to 12th April, then to 31st October and finally to 31st January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union together with its future trading arrangements drove volatility, particularly in foreign exchange markets. The outcome of December's General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.

The headline rate of UK Consumer Price Inflation fell to 1.7% y/y in February, below the Bank of England's target of 2%. Labour market data remained positive. The ILO unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.

GDP growth in Q4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.

Then coronavirus swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis as part of a flight to quality into sovereign debt and other perceived 'safe' assets.

In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth.

The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% from 0.75% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

The US economy grew at an annualised rate of 2.1% in Q4 2019. After escalating trade wars and a protracted standoff, the signing of Phase 1 of the trade agreement between the US and China in January was initially positive for both economies, but COVID-19 severely impacted sentiment and production in both countries. Against a slowing economic outlook, the US Federal Reserve began cutting rates in August. Following a series of five cuts, the largest of which were in March 2020, the Fed Funds rate fell from of 2.5% to range of 0% - 0.25%. The US government also unleashed a raft of COVID-19 related measures and support for its economy including a \$2 trillion fiscal stimulus package. With interest rates

already on (or below) the floor, the European Central Bank held its base rate at 0% and deposit rate at -0.5%.

Financial markets:

Financial markets sold off sharply as the impact from the coronavirus worsened. After starting positively in 2020, the FTSE 100 fell over 30% at its worst point with stock markets in other countries seeing similar huge falls. In March sterling touch its lowest level against the dollar since 1985. The measures implemented by central banks and governments helped restore some confidence and financial markets have rebounded in recent weeks but remain extremely volatile. The flight to quality caused gilts yields to fall substantially. The 5-year benchmark falling from 0.75% in April 2019 to 0.26% on 31st March. The 10-year benchmark yield fell from 1% to 0.4%, the 20-year benchmark yield from 1.47% to 0.76% over the same period. 1-month, 3-month and 12-month bid rates averaged 0.61%, 0.72% and 0.88% respectively over the period.

Since the start of the calendar 2020, the yield on 2-year US treasuries had fallen from 1.573% to 0.20% and from 1.877% to 0.61% for 10-year treasuries. German bund yields remain negative.

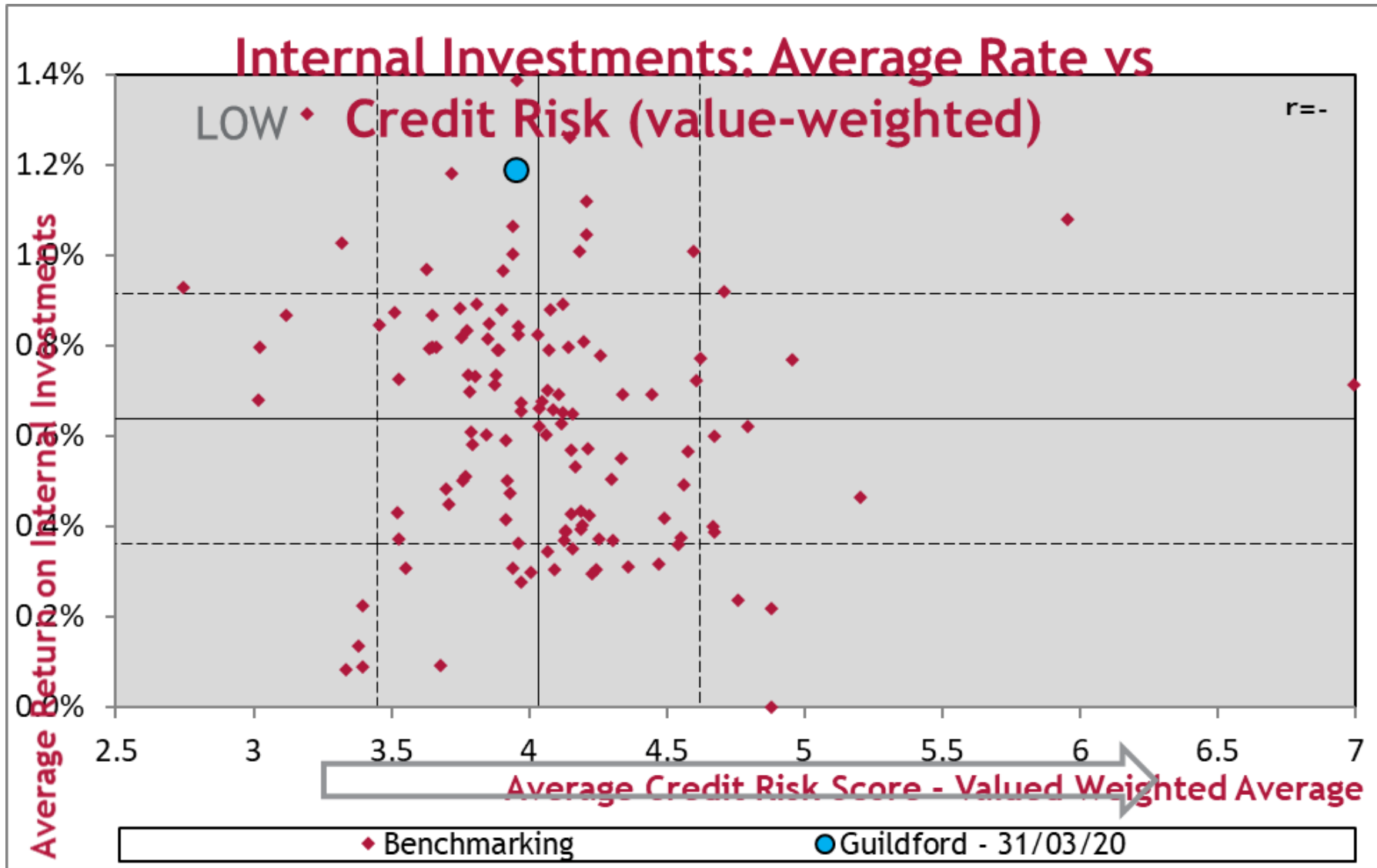
Credit background:

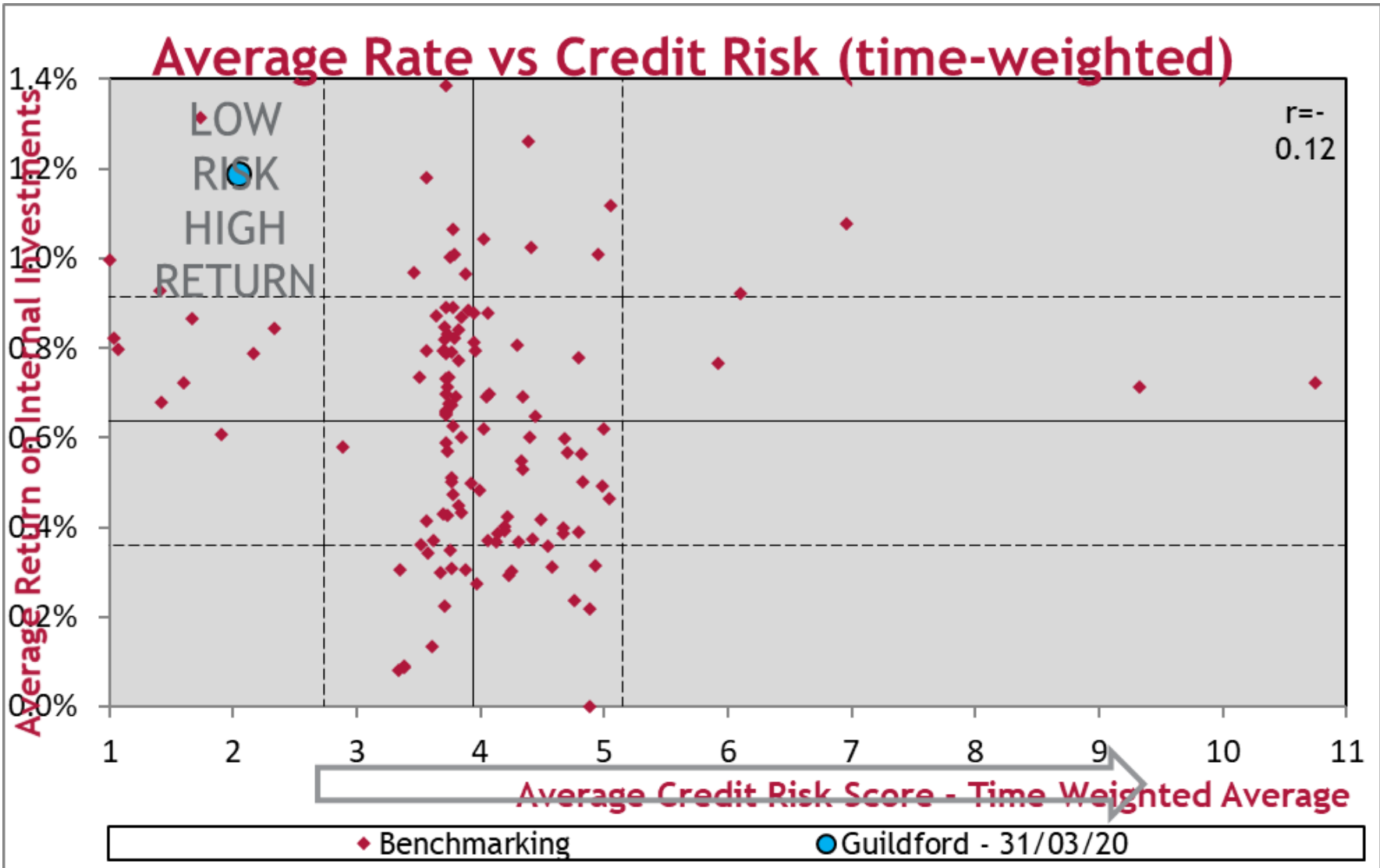
In Q4 2019 Fitch affirmed the UK's AA sovereign rating, removed it from Rating Watch Negative (RWN) and assigned a negative outlook. Fitch then affirmed UK banks' long-term ratings, removed the RWN and assigned a stable outlook. Standard & Poor's also affirmed the UK sovereign AA rating and revised the outlook to stable from negative. The Bank of England announced its latest stress tests results for the main seven UK banking groups. All seven passed on both a common equity Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would remain twice their level before the 2008 financial crisis.

After remaining flat in January and February and between a range of 30-55bps, Credit Default Swap spreads rose sharply in March as the potential impact of the coronavirus on bank balance sheets gave cause for concern. Spreads declined in late March and through to mid-April but remain above their initial 2020 levels. NatWest Markets Plc (non-ringfenced) remains the highest at 128bps and National Westminster Bank Plc (ringfenced) still the lowest at 56bps. The other main UK banks are between 65bps and 123bps, with the latter being the thinly traded and volatile Santander UK CDS.

While the UK and Non-UK banks on the Arlingclose counterparty list remain in a strong and well-capitalised position, the duration advice on all these banks was cut to 35 days in mid-March.

Fitch downgraded the UK sovereign rating to AA- in March which was followed by a number of actions on UK and Non-UK banks. This included revising the outlook on all banks on the counterparty list to negative, with the exception of Barclays Bank, Rabobank, Handelsbanken and Nordea Bank which were placed on Rating Watch Negative, as well as cutting Close Brothers long-term rating to A-. Having revised their outlooks to negative, Fitch upgraded the long-term ratings on Canadian and German banks but downgraded the long-term ratings for Australian banks. HSBC Bank and HSBC UK Bank, however, had their long-term ratings increased by Fitch to AA-.





Credit score analysis

Scoring:

Long-Term Credit Rating	Score
AAA	1
AA+	2
AA	3
AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10

The value-weighted average reflects the credit quality of investments according to the size of the deposit. The time-weighted average reflects the credit quality of investments according to the maturity of the deposit

The Authority aimed to achieve a score of 7 or lower, to reflect the council’s overriding priority of security of monies invested and the minimum credit rating of threshold of A- for investment counterparties.

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Credit Rating Equivalents and Definitions

	Fitch	Moody's	Standard & Poor's
Long Term Investment Grade	AAA	Aaa	AAA
	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
Sub Investment Grade	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
	B-	B3	B-
	CCC+	Caa1	CCC+
	CCC	Caa2	CCC
	CCC-	Caa3	CCC-
	CC+	Ca1	CC+
	CC	Ca2	CC
	CC-	Ca3	CC-
	C+	C1	C+
	C	C2	C
	C-	C3	C-
	D		D or SD

Fitch	Moody's	Standard & Poor's
AAA Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in the case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	Aaa Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.	AAA An obligator rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Pooers.
AA Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	Aa Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.	AA An obligator rated 'AA' has very strong capacity to meets its financial commitments. It differs from the highest rated obligators only to a small degree.
A High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.	A Obligations rated A are considered upper-medium grade and are subject to low credit risk.	A An obligator rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligators in higher rated categories.
BBB Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.	Baa Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.	BBB An obligator rated 'BBB' has adequate capacity to meets its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligator to meet its financial commitments.

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Background to externally managed funds

CCLA – The Local Authorities Property Fund

The fund’s objective is to generate long-term growth in capital and a high and rising income over time.

The aim is to have high quality, well-diversified commercial and industrial property portfolio, in the UK, focussing on delivering attractive income and is actively managed to add value.

The fund will maintain a suitable spread between different types of property and geographical location. Importance will be attached to location, standard of construction and quality of covenant with lease terms preferably embodying upwards only rent reviews at intervals of not more than five years.

M&G Global Dividend Fund

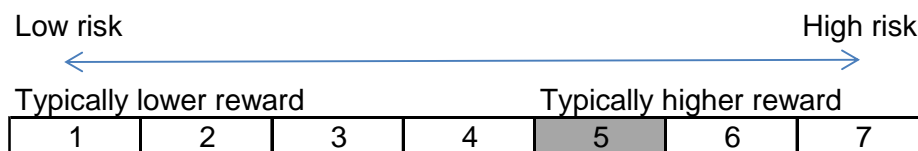
The fund aims to deliver a dividend yield above the market average, by investing mainly in a range of global equities. It aims to grow distributions over the long-term whilst maximising total return (a combination of income and growth of capital).

Exposure to global equities may be gained by using derivatives. The fund may invest across a wide range of geographies, sectors and market capitalisations. It may also invest in other assets including collective investment schemes, other transferrable securities, cash and near cash, deposits, warrants, money market instruments and derivatives.

The fund employs a bottom-up stockpicking approach, driven by the fundamental analysis of individual companies. The fund seeks to invest in companies that understand capital discipline, have the potential to increase dividends over the long-term and are undervalued by the stock market. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a diversified portfolio with exposure to a broad range of countries and sectors designed to perform well in a variety of market conditions. It usually holds around 50 stocks with a long-term investment view and a typical holding period of 3-5 years.

Risk and reward profile



The fund’s risk factor based on historical data and may not be the same moving forward. It is rated a 5 because of the investments the fund makes:

- Value of investments, and income from them, will fluctuate and will cause the fund price to rise or fall
- Currency exchange rate fluctuations will impact the value of the investment

- There is a risk that a counterparty may default on its obligations or become insolvent, which may have a negative impact on the fund
- Investments in Emerging markets tend to have larger price fluctuations than more developed countries.
- There is a risk that one or more countries will exit the Euro and re-establish their own currencies. There is an increased risk of asset prices fluctuating or losing value. It may also be difficult to buy and sell securities and issuers may be unable to repay the debt. In addition, there is a risk that disruption in Eurozone markets could give rise to difficulties in valuing the assets of the fund.

Schroder Income Maximiser Fund

The funds objective is to provide income with potential capital growth primarily through investment in equity and equity related securities of UK companies. The fund will also use derivative instruments to generate income.

The manager may selectively sell short dated call options over securities or portfolios of securities held by the fund or indicies, in order to generate additional income by setting target 'strike' prices at which those securities may be sold in the future. The manger may also, for the purpose of efficient management, use derivative instruments which replicate the performance of a basket of short dated call options or a combination of equity securities and short dated call options. Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, derivatives, cash, deposits, warrants and money market transactions.

The fund aims to deliver a target yield of 7% per year, although this is an estimate and is not guaranteed. There are four quarterly distributions in a year, each calculated by dividing the quarterly distribution amount by the unit price at the start of that quarter.

UBS Multi-Asset Income Fund

The fund seeks to provide income, through a diversified portfolio of investments. Capital growth will not be a primary consideration, although opportunities for growth may occur if market conditions are favourable.

The fund will invest in a mix of transferrable securities including domestic and international equities and bonds, units in collective investment schemes, warrants, money market instruments, deposits, and cash or near cash, as the Investment Manager deems appropriate. There are no geographical restrictions on the countries of investment.

The Fund may use a range of derivative instruments which include foreign exchange, forward and futures contracts, swaps and options and other derivatives for investment purposes and / or to manage interest rate and currency exposures.

Index futures and other derivatives are used to manage market exposure inherent in an invested portfolio. Increasing or reducing market and currency exposure will entail the use of long or net short positions in some derivative instruments.

Risk profile

The main risks arising from the funds instruments are market price risk and foreign currency risk. Market price risk is the uncertainty about future price movements of the financial instruments the fund is invested in. Foreign currency risk is the risk that the value in the funds investments will fluctuate as a result in foreign exchange rates. Where the fund invests in overseas securities, the balance sheet can be affected by these funds due to movements in foreign exchange rates.

Investments in less developed markets may be more volatile than investments in more established markets. Less developed markets may have additional risks due to less established market practices. Poor liquidity may result in a holding being sold at a less favourable price, or another holding having to be sold instead.

Bonds carry varying levels of underlying risk, including default risk, dependent upon their type. These range from gilts, which carry limited levels, to speculative/non-investment grade corporate bonds, that carry higher levels of risk but with the potential for greater capital growth.

Over 35% of the fund may be invested in securities issued by any one body.

The fund will use derivatives as part of its investment capabilities. This allows it to take 'short positions' in some investments and it can sell a holding they do not own, on the anticipation that its value will fall. These instruments carry a material level of risk and the fund could potentially experience higher levels of volatility should the market move against them.

In order to trade in derivative instruments they enter into an agreement with various counterparties. Whilst they assess the credit worthiness of each counterparty, the fund is at risk that it may not fulfil its obligations under the agreement.

In aiming to reduce the volatility of the fund they utilise a risk management process to monitor the level of risk taken in managing the portfolio, however there is no guarantee that this process will work in all instances

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Glossary

Affordable Housing Grants – grants given to Registered Providers to facilitate the provision of affordable housing.

Arlingclose – the Council’s treasury management advisors

Asset Quality Review (AQR) – a review conducted by the ECB and national competent authorities examine whether assets were properly valued on a banks’ balance sheet at 31 December 2013. It made banks comparable across national borders, by applying common definitions for previously diverging concepts and a uniform methodology when assessing balance sheets. The review provides the ECB with substantial information on the banks that will fall under its direct supervision and will help its efforts in creating a level playing field for supervision in future.

Authorised Limit – the maximum amount of external debt at any one time in the financial year

Bail in risk – following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to “bail-in” a bank before taxpayers are called upon.

A bail in takes place before a bankruptcy and under current proposals, regulators would have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.

Balances and Reserves – accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure

Bank of England – the central bank for the UK. It has a wide range of responsibilities, including act as the Government’s bank and the lender of last resort, it issues currency and, most importantly, oversees monetary policy.

Bank Rate – the Bank of England base rate

Bank Recovery and Resolution Directive (BRRD) – this directive ensures that EU member states have a harmonised toolkit to deal with the failure of banks and investment firms. It will make the EU financial system less vulnerable to shocks and contagion

Banks – Secured – covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the banks assets, which limits the potential losses in the unlikely event of insolvency and means they are exempt from bail in.

Banks – Unsecured – accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. Subject

to the risk of credit loss via a bail in should the regulator determine that the bank is failing or likely to fail.

Bonds – bonds are debt instruments issued by government, multinational companies, banks and multilateral development banks. Interest is paid by the issuer to the bond holder at regular pre-agreed periods. The repayment date of the principal is also set at the outset.

Capital expenditure – expenditure on the acquisition, creation or enhancement of capital assets

Capital Financing Requirement (CFR) – the Council's underlying need to borrow for a capital purpose, representing the cumulative capital expenditure of the Council that has not been financed

CCLA – the local authority property investment fund

Certainty rate – the government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLB) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.

Certificates of deposit – Certificates of deposit (CDs) are negotiable time deposits issued by banks and building societies and can pay either fixed or floating rates of interest. They can be traded on the secondary market, enabling the holder to sell the CD to a third party to release cash before the maturity date.

CIPFA - the Chartered Institute of Public Finance and Accountancy. The institute is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government. CIPFA's members work, in public service bodies, in the national audit agencies and major accountancy firms.

CLG – department of Communities and Local Government

Consumer Price Index (CPI) – measures changes in the price level of a market basket of consumer goods and services purchased by households.

Corporates – loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Corporate bonds – corporate bonds are those issued by companies. Generally, however, the term is used to cover all bonds other than those issued by governments. The key difference between corporate bonds and government bonds is the risk of default.

Cost of Carry - costs incurred as a result of an investment position, for example the additional cost incurred when borrowing in advance of need, if investment returns don't match the interest payable on the debt.

Counterparty – the organisation the Council is investing with

Covered bonds – a bond backed by assets such as mortgage loans (covered mortgage bond). Covered bonds are backed by pools of mortgages that remain on the issuer's balance sheet, as opposed to mortgage-backed securities such as collateralised mortgage obligations (CMOs), where the assets are taken off the balance sheet.

Credit default swaps (CDS) – similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. The buyer effectively pays a premium against the risk of default.

Credit Rating – an assessment of the credit worthiness of an institution

Creditworthiness – a measure of the ability to meet debt obligations

Deposit Guarantee Scheme Directive (DGSD) – directive which requires EU member states to introduce at least one deposit guarantee scheme in their jurisdiction to provide protection for depositors and to reduce the risk of bank runs.

Derivative investments – derivatives are securities whose value is derived from the some other time-varying quantity. Usually that other quantity is the price of some other asset such as bonds, stocks, currencies, or commodities.

Derivatives – financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'.

Diversification / diversified exposure – the spreading of investments among different types of assets or between markets in order to reduce risk.

DMADF – Debt Management Account Deposit Facility operated by the DMO where users can place cash in secure fixed-term deposits. Deposits are guaranteed by the government and therefore have the equivalent of the sovereign credit rating.

DMO – debt management office. An Executive Agency of Her Majesty's Treasury (HMT) with responsibilities including debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds.

EIP Loans – Equal Instalments of Principal. A repayment method whereby a fixed amount of principal is repaid with interest being calculated on the principal outstanding

European Central Bank (ECB) – the central bank responsible for the monetary system of the European Union (EU) and the euro currency. Their responsibilities include to formulate monetary policy, conduct foreign exchange, hold currency reserves and authorise the issuance of bank notes.

European Investment Bank (EIB) – the European Investment Bank is the European Union's non-profit long-term lending institution established in 1958 under the Treaty of Rome. It is a "policy driven bank" whose shareholders are the member states of the EU. The EIB uses its financing operations to support projects that bring about European integration and social cohesion.

Federal Reserve Bank (Fed) – the central bank of the US and the most powerful institution of the world.

Finance Lease - a finance lease is a lease that is primarily a method of raising finance to pay for assets, rather than a genuine rental. The latter is an operating lease. The key difference between a finance lease and an operating lease is whether the lessor (the legal owner who rents out the assets) or lessee (who uses the asset) takes on the risks of ownership of the leased assets. The classification of a lease (as an operating or finance lease) also affects how it is reported in the accounts.

Floating rate notes – floating rate notes (FRNs) are debt securities with payments that are reset periodically against a benchmark rate, such as the three month London inter-bank offer rate (LIBOR). FRNs can be used to balance risks incurred through other interest rate instruments in an investment portfolio.

FTSE – a company that specialises in index calculation. Co-owners are the London Stock Exchange and the Financial Times. The FTSE 100 is an index of blue chip stocks on the London Stock Exchange.

Gilts – long term fixed income debt security (bond) issued by the UK Government and traded on the London Stock Exchange

Government – loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail in, and there is an insignificant risk of insolvency.

Gross Domestic Product – the monetary value of all finished goods and services produced within a country's borders in a specific time period, although it is usually calculated on an annual basis.

Housing Grants – see Affordable Housing Grants

Illiquid – cannot be easily converted into cash

Interest rate risk – the risk that unexpected movements in interest rates have an adverse impact on revenue due to higher interest paid or lower interest received.

Liability benchmark – the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero)

LIBID – London Interbank BID Rate – the interest rate at which London banks are willing to borrow from one another

LIBOR - London Interbank Offer Rate – the interest rate at which London banks offer one another. Fixed every day by the British Bankers Association to five decimal places.

Liquidity risk – the risk stemming from the inability to trade an investment (usually an asset) quickly enough to prevent or minimise a loss.

M&G – M&G Global Dividend fund. The fund invests mainly in global equities.

Market risk – the risk that the value of an investment will decrease due to movements in the market.

Mark to market accounting – values the asset at the price that could be obtained if the assets were sold (market price)

Maturity loans – a repayment method whereby interest is repaid throughout the period of the loan and the principal is repaid at the end of the loan period.

Minimum Revenue Provision (MRP) - the minimum amount which must be charged to an authority's revenue account each year and set aside towards repaying borrowing

Moody's - a credit rating agency. They provide international financial research on bonds issued by commercial and government entities. They rank the creditworthiness of borrowers using a standardised ratings scale which measures expected investor loss in the event of default. They rate debt securities in several markets related to public and commercial securities in the bond market.

Money Market - the market in which institutions borrow and lend

Money market funds – an open-end mutual fund which invests only in money markets. These funds invest in short-term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. The fund's net asset value remains constant (e.g. £1 per unit) but the interest rates does fluctuate. These are liquid investments, and therefore, are often used by financial institutions to store money that is not currently invested. Risk is extremely low due to the high rating of the MMFs; many have achieved AAA credit status from the rating agencies:

- Constant net asset value (CNAV) refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at £1 and calculate their price to two decimal places known as "penny rounding". Most CNAV funds distribute income to investors on a regular basis (distributing share class), though some may choose to accumulate the income, or add it on to the NAV (accumulating share class). The NAV of accumulating CNAV funds will vary by the income received.
- Variable net asset value (VNAV) refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

This means that a fund with an unchanging NAV is, by definition, CNAV, but a fund with a NAV that varies may be accumulating CNAV or distributing or accumulating VNAV.

Money Market Rates – interest rates on money market investments

Monetary Policy Committee – the regulatory committee of the Central Bank that determine the size and rate of growth of the money supply, which in turn, affects interest rates.

Multilateral Investment banks – International financial institutions that provide financial and technical assistance for economic development

Municipal Bonds Agency – an independent body owned by the local government sector that seeks to raise money on the capital markets at regular interval to on-lend to participating local authorities.

Non Specified Investments - all types of investment not meeting the criteria for specified investments.

Operational Boundary – the most likely, prudent but not worst case scenario of external debt at any one time

Pooled Funds – investments are made with an organisation who pool together investments from other organisations and apply the same investment strategy to the portfolio. Pooled fund investments benefit from economies of scale, which allows for lower trading costs per pound, diversification and professional money management.

Project rate – the government has reduced by 40 basis points (0.40%) the interest rates on loans via the Public Works Loans Board (PWLB) for lending in respect of an infrastructure project nominated by a Local Enterprise Partnership (LEP).

Prudential Code – a governance procedure for the setting and revising of prudential indicators. Its aim is to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good practice.

Prudential Indicators – indicators set out in the Prudential Code that calculates the financial impact and sets limits for treasury management activities and capital investment

Prudential Regulation Authority (PRA) – is responsible for the prudential regulation and supervision of around 1,700 banks, building societies, credit unions, insurers, and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm.

PWLB (Public Works Loans Board) - a central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow to finance capital spending from this source.

Quantitative easing (QE) – a type of monetary policy used by central banks to stimulate the economy when standard monetary policy has become ineffective. It is implemented by buying specified amounts of financial assets from commercial banks and other private institutions, raising the prices of those financial assets and lowering their yield, while simultaneously increasing the monetary base.

Registered Providers (RPs) – also referred to as Housing Associations.

Repo - a repo is an agreement to make an investment and purchase a security (usually bonds, gilts, treasuries or other government or tradeable securities) tied to an agreement to sell it back later at a pre-determined date and price. Repos are secured investments and sit outside the bail-in regime.

Reserve Schemes – category of schemes within the General Fund capital programme that are funded from earmarked reserves, for example the Car Parks Maintenance reserve or Spectrum reserves.

SME (Small and Midsize Enterprises) – a business that maintains revenue or a number of employees below a certain standard.

Sovereign – the countries the Council are able to invest in

Specified Investments - Specified investments are defined as:

- a. denominated in pound sterling;
- b. due to be repaid within 12 months of arrangement;
- c. not defined as capital expenditure; and
- d. invested with one of:
 - i. the UK government;
 - ii. a UK local authority, parish council or community council, or
 - iii. a body or institution scheme of high credit quality

Stable Net Asset Value money market funds – the principle invested remains at its invested value and achieves a return on investment

Standard & Poors (S&P) – a credit rating agency who issues credit ratings for the debt of public and private companies, and other public borrowers. They issue both long and short term ratings.

Subsidy Capital Financing Requirement – the housing capital financing requirement set by the Government for Housing Subsidy purposes

SWAP Bid – a benchmark interest rate used by institutions

SWIP – SWIP Absolute Return Bond fund. They invest in fixed income securities, index linked securities, money market transactions, cash, near-cash and deposits.

Temporary borrowing – borrowing to cover peaks and troughs of cash flow, not to fund spending

Treasury Management – the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risk associated with those activities and the pursuit of optimum performance with those risks.

Treasurynet – the Council's cash management system

Treasury Management Practices – schedule of treasury management functions and how those functions will be carried out

Treasury Management Strategy Statement – also referred to as the TMSS.

Voluntary Revenue Provision (VRP) – a voluntary amount charged to an authority's revenue account and set aside towards repaying borrowing.

Working capital – timing differences between income and expenditure (debtors and creditors)

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Council Report

Ward(s) affected: n/a

Report of Director of Resources

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Date: 6 October 2020

Review of the Councillors' Code of Conduct and consideration of the Best Practice Recommendations of the Committee on Standards in Public Life

Executive Summary

Arising from a number of concerns raised by councillors since the 2019 elections in relation to ethical standards, communications, and transparency, the Corporate Governance and Standards Committee at its meeting in November 2019 established a cross-party task group, including a co-opted parish representative and an independent member of this Committee, with a wide remit to consider, review and make recommendations in respect of these matters.

The terms of reference of the Task Group, which were reviewed by the Committee at its meeting in June, are as follows:

“To examine, review, and report back initially to this Committee on the following matters:

- (a) the Councillors' Code of Conduct, including the policy on acceptance of gifts and hospitality by councillors;
- (b) the 15 Best Practice Recommendations of the Committee on Standards in Public Life contained within its Report on *Local Government Ethical Standards*
- (c) the Council's guidance on the use of social media by councillors;
- (d) the revised draft Protocol on Councillor/ Officer Relations;
- (e) the effectiveness of internal communications between officers and councillors; and
- (f) proposals to promote transparency, and effective communications and reporting, including the Council's Communications Protocol; and
- (g) review of anomalies in the Constitution.”

The Task Group currently comprises:

- Councillor Deborah Seabrook (chairman)
- Councillor David Bilbe (w.e.f. 24 September)
- Councillor Liz Hogger
- Councillor Ramsey Nagaty
- Councillor Nigel Manning
- Councillor James Walsh
- Murray Litvak (co-opted independent member of the Corporate Governance and Standards Committee)
- Julia Osborn (co-opted parish representative on the Corporate Governance and Standards Committee)

The Task Group has met on a number of occasions since it was established and has considered and reviewed the matters listed (a) to (d) above. The Task Group submitted its recommendations in respect of (a) to (c) to the Corporate Governance and Standards Committee at its meeting held on 30 July 2020.

On 30 July, the Committee considered and supported the Task Group's recommendations, some were for full Council to make the final decision, which are the subject of this report, and others were either for the Executive to consider at its meeting on 22 September (in respect of the review of the guidance on the use of social media by councillors), or were approved by the Committee (a full list of the recommendations adopted by the Committee is set out, for information, in **Appendix 4**).

This report therefore addresses and makes recommendations on the review of:

- the Councillors' Code of Conduct, and
- a number of the 'Best Practice Recommendations' of the Committee on Standards in Public Life (CSPL). A table showing all 15 of the CSPL's Best Practice Recommendations, with the Task Group's comments, parish councils' comments, and officer response is set out in **Appendix 5**.

Recommendation to Council:

- (1) That the draft revised Councillors' Code of Conduct, as set out in **Appendix 3** to this report, be adopted and implemented with immediate effect (this incorporates CSPL Best Practice Recommendations 1 and 2).
- (2) That parish councils in the borough be invited to consider adopting at the earliest opportunity the revised Code of Conduct set out in **Appendix 3**, with such modifications as they deem necessary.
- (3) That the Monitoring Officer be authorised to prepare, maintain and make available for inspection at the Council's offices and online a revised register of councillors' interests to comply with the requirements of the Localism Act 2011 and of the Council's revised code of conduct.
- (4) That the Council agrees that the code of conduct should normally be reviewed every four years during the year following the Borough Council Elections, with any such review involving formal consultation with parish councils within the borough (CSPL Best Practice Recommendation 3 refers).

- (5) That the Council's Arrangements for Dealing with Allegations of Misconduct by Councillors ("the Arrangements") be amended as follows:
- (a) paragraph 7.3 (g) iii) to read: "Whether the complaint appears to be *trivial*, malicious, vexatious, politically motivated or 'tit-for-tat'"
 - (b) paragraph 7.4 (6) to read: "The complaint appears to be *trivial*, malicious, vexatious, politically motivated or 'tit-for-tat'"
 - (c) paragraph 7.10 to read: "The decision of the Monitoring Officer, or Assessment Sub-Committee (as the case may be) shall be recorded in writing, and a decision notice will be sent to the Complainant and the Subject Member within 10 working days of the decision. *The Independent Person shall be given the option to review and comment on allegations which the Monitoring Officer (or Assessment Sub-Committee) is minded to dismiss as being without merit, vexatious, or trivial.* The decision notice will summarise the allegation, give the decision of the Monitoring Officer or Assessment Sub-Committee, and the reasons for their decision. There is no right of appeal against the decision of the Monitoring Officer or Assessment Sub-Committee."
 - (d) Substitute the following in place of paragraph 31 of Appendix 3 to the Arrangements (Procedure and Powers of the Corporate Governance and Standards Committee and Hearings Sub-Committee): "*The Monitoring Officer will also arrange for a decision notice to be published as soon as possible on the Council's website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied..*"

(CSPL Best Practice Recommendations 2, 8, and 9 refer).

- (6) That no change be made to the Arrangements in respect of CSPL Best Practice Recommendation 6: that councils should publish a clear and straightforward public interest test against which allegations are filtered.
- (7) That the Council notes that the role of the Monitoring Officer includes providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority, and agrees that the Monitoring Officer should be provided with adequate training, corporate support and resources to undertake this work (CSPL Best Practice Recommendation 12 refers).

Reasons for Recommendation:

- To address various corporate governance and ethical standards related concerns raised by councillors.
- To address the Best Practice Recommendations of the Committee on Standards in public Life in their report *Local Government Ethical Standards (January 2019)*

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

1.1 To report to Council the recommendations of the Corporate Governance and Standards Committee on the outcome of the consideration by the Corporate Governance Task Group of the review of:

- the Councillors' Code of Conduct (see paragraph 4 below), and
- a number of the 'Best Practice Recommendations' of the CSPL (see paragraph 5 below).

2. Strategic Priorities

2.1 The work undertaken by the Task Group will assist the Council in achieving its value of being open and accountable to our residents.

3. Background

3.1 At its meeting on 28 March 2019, the Corporate Governance and Standards Committee received the Monitoring Officer's Annual Report on allegations of misconduct against borough and parish councillors for 2018. Part of that report included reference to recommendations contained in a report published by the Committee on Standards in Public Life (CSPL) on *Local Government Ethical Standards*¹. Although some of the recommendations required primary legislation to implement the changes sought, the CSPL also put forward a number of best practice recommendations for local authorities to consider which did not require changes in the law. At that time, the Committee noted that the Council already complied, or partially complied, with some of the best practice recommendations and authorised the Monitoring Officer to take the necessary steps to ensure compliance with them and submit reports as appropriate to this Committee in due course.

3.2 Following the Borough Council elections in May 2019, the Council at its meeting on 8 October 2019, adopted a motion which, amongst other matters, requested the establishment of a task group to examine the effectiveness of internal communications and promote transparency. The Corporate Governance and Standards Committee, at its meeting in November 2019, set up its own task group to review the Council's Code of Conduct, the Best Practice Recommendations, review the work undertaken by a previous task group which had conducted a separate review of the Protocol on Councillor/Officer Relations, and also to undertake the work agreed by the Council.

3.3 The cross party task group comprising a representative from each political group on the Council plus a co-opted independent member and a co-opted parish representative on the Corporate Governance and Standards Committee has met on seven occasions since it was established and has considered and completed its review of the Councillors' Code of Conduct, the Social Media Guidance for Councillors, and the CSPL's Best Practice Recommendations. The task group's

¹ <https://www.gov.uk/government/publications/local-government-ethical-standards-report>

findings and recommendations in respect of these matters were considered and endorsed by the Corporate Governance and Standards Committee at its meeting on 30 July 2020.

- 3.4 The task group submitted its findings and recommendations in respect of the review of the Protocol on Councillor/Officer Relations to the Corporate Governance and Standards Committee at its meeting on 24 September 2020, which is a separate item of business on this agenda.

4. Review of the Councillors' Code of Conduct

- 4.1 Local authorities, including parish councils, have a duty, under s.27 Localism Act 2011, to promote and maintain high standards of conduct by their members and co-opted members. In discharging this duty, a council must adopt a code dealing with the conduct that is expected of its members and co-opted members when they are acting in that capacity.

- 4.2 Under s28(1) of the 2011 Act, the code is required, when viewed as a whole, to be consistent with the following (Nolan) principles:

- (a) selflessness;
- (b) integrity;
- (c) objectivity;
- (d) accountability;
- (e) openness;
- (f) honesty;
- (g) leadership.

- 4.3 Furthermore, the 2011 Act requires a council to secure that its code of conduct includes the provision the authority considers appropriate in respect of the registration and disclosure of:

- (a) pecuniary interests, and
- (b) interests other than pecuniary interests.

- 4.4 Prior to the 2011 Act, all councils were required to adopt a Model Code of Conduct. This Council adopted its current code of conduct in July 2012, and subsequently made some minor amendments in 2014. It has not been reviewed since then. One of the Best Practice Recommendations contained in the CSPL's report referred to above, was that councils should frequently review their codes of conduct. The review of Guildford's code of conduct was, therefore, long overdue.

Parish Councils

- 4.5 Currently, there is no statutory requirement for parish councils to adopt the same, or substantially the same, code of conduct as the principal authority (the Borough Council), although they are still required to have one. When the Council adopted the current code in 2012, all parish councils within the borough were invited to, and most did, adopt the GBC Code of Conduct, with appropriate amendments. Having a uniform code of conduct across all parish councils ensures a consistent approach with clearly defined expectations of conduct and greatly assists the

Monitoring Officer when dealing with allegations of misconduct by parish councillors.

- 4.6 One of the CSPL's recommendations to Government referred to in their report was to amend Section 27(3) of the Localism Act 2011 to state that parish councils must adopt the code of conduct of their principal authority, with the necessary amendments, or the new model code².

Task Group's consideration of the proposed revised Code of Conduct

- 4.7 In reviewing the Code, the Task Group considered those Best Practice Recommendations suggested by the CSPL (nos.1 to 5), which were directly relevant to codes of conduct, notably Recommendation 1:

“Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition”.

- 4.8 In addition, following research by officers, the Task Group reviewed examples of other councils' codes of conduct particularly in respect of matters covered by other codes which were not currently included in Guildford's.

- 4.9 In considering the revised Code, the Task Group has tried to avoid being overly prescriptive. The CSPL in its report acknowledges that codes of conduct “cannot be written to cover every eventuality, and attempts to do so may actually make codes less effective. They should therefore not be ‘legalistic’ in tone, or overly technical in style³.” However, the Task Group were also keen to encourage robust challenge from councillors provided always that, in so doing, they conduct themselves in a respectful manner.

- 4.10 Following consideration of proposed revisions to the Code of Conduct which now include:

- a definition of “bullying” and “harassment” and examples of behaviour covered by such definitions,
- a new requirement for councillors to register and declare non-pecuniary interests, and
- revisions to the section of the Code dealing with Gifts and Hospitality

the Task Group agreed to consult all borough councillors and all parish councils on the proposed revisions. The consultation took place from 5 March to 31 May 2020. Summaries of the responses received from councillors and parish councils are attached respectively as **Appendices 1 and 2**.

- 4.11 The Task Group met on 24 June 2020 to consider the responses and made further revisions to the Code as a result. A copy of the revised draft Code of

² CSPL has also recommended that the LGA updates a national Model Code of Conduct that councils could consider adopting.

³ Chapter 2: Codes of Conduct and Interests (p.42)

Conduct, as proposed by the task group and endorsed by the Corporate Governance and Standards Committee, is set out in **Appendix 3**.

5. Review of the Best Practice Recommendations of the Committee on Standards in Public Life

5.1 The Task Group considered each of the 15 Best Practice Recommendations proposed by the CSPL. This included an assessment of the extent to which the Council currently complied with the recommendations and commentary on actions the Council could take to ensure future compliance. As some of the Best Practice Recommendations were directly relevant to parish councils, the Task Group agreed to consult all parish councils in that regard as part of its consultation on the proposed revisions to the Code of Conduct.

5.2 The table in **Appendix 5** to this report shows each of the 15 best practice recommendations of the CSPL, together with the Task Group's initial commentary regarding the Council's current practices and an assessment of the extent to which they were compliant with best practice, the input from a number of parish councils who responded to the consultation, and the task group's comments in response to parish councils' comments.

5.3 The recommendations in response to Best Practice Recommendations 2, 8, and 9 require the Council's approval of minor amendments to the Council's adopted Arrangements for dealing with allegations of misconduct by councillors.

7. Consultations

7.1 As indicated above, separate consultations have taken place with councillors and with parish councils in respect of the review of the Code of Conduct.

8. Key Risks

8.1 Failure to review and update our code of conduct would not only amount to a lost opportunity to ensure that the code reflected current circumstances and best practice, but may also be interpreted as a failure to comply with our duty under s.27 Localism Act 2011 to promote and maintain high standards of conduct.

9. Financial Implications

9.1 There are no financial implications arising from the recommendations in this report.

10. Legal Implications

10.1 These are referred to in Section 4 of this report in the context of the review of the Code of Conduct and the Council's duty to promote and maintain high standards of conduct.

10.2 In addition, the Council must also, by virtue of s28(6) Localism Act 2011, have in place arrangements for dealing with allegations of misconduct by councillors, which are referred to in paragraph 5.3 above and in Appendix 5.

11. Human Resource Implications

11.1 There are no HR implications arising from the recommendations in this report.

12. Equality and Diversity Implications

12.1 Public authorities are required to have due regard to the aims of the Public Sector Equality Duty (Equality Act 2010) when making decisions and setting policies. The Council has a statutory duty under section 149 of the Equality Act 2010 which provides that a public authority must, in exercise of its functions, have due regard to the need to

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the 2010 Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

12.2 This duty has been considered in the context of the recommendations in this report and it has been concluded that the proposed revisions to the Councillors' Code of Conduct (Appendix 3) will assist the Council in ensuring, and encourage local parish councils to ensure, the highest standards of conduct by councillors, which have due regard to (a), (b), and (c) above.

12.3 There are no other equality and diversity implications arising directly from the recommendations in this report.

13. Climate Change/Sustainability Implications

13.1 There are no climate change/sustainability implications arising from the recommendations in this report.

14. Summary of Options

14.1 The range of options in this report are as follows:

- (1) To adopt the revised Councillors' Code of Conduct set out in Appendix 3.
- (2) To retain the existing Code of Conduct set out in Part 5 of the Council's Constitution.
- (3) To adopt the recommended response to the Best Practice Recommendations of the Committee on Standards in Public Life referred to in this report.
- (4) To not adopt the recommended response to the Recommendations referred to in (3) above.

- 14.2 The Corporate Governance and Standards Committee recommends Options (1) and (3) above.

15. Conclusion

- 15.1 This is the first report to Council on the outcome of the Corporate Governance Task Group's consideration of a range of matters under its purview. It proposes a number of recommendations that, taken together, will bring up to date the Councillors' Code of Conduct, and address many of the Best Practice Recommendations of the Committee on Standards in Public Life.

16. Background Papers

[Council Constitution Part 5: Codes and Protocols](#)

17. Appendices

- Appendix 1: Summary of responses from borough councillors to the consultation on the review of the Code of Conduct for Councillors
- Appendix 2: Summary of responses from parish councils to the consultation on the review of the Code of Conduct for Councillors
- Appendix 3: Draft Revised Code of Conduct for Councillors as recommended by the Corporate Governance Task Group
- Appendix 4: List of recommendations adopted by the Corporate Governance and Standards Committee on 30 July 2020
- Appendix 5: Table showing CSPL Best Practice Recommendations with Task Group comments, Parish Councils' comments, and officer response

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**Review of Councillors' Code of Conduct
Consultation with Councillors**

Councillor	Comment	Officer Response
Cllr Paul Spooner 7 March	Have all the tracked changes been checked and supported by Lawyers who specialise in public service, HR and/or Human rights?	The changes proposed to the Code of Conduct have been seen and approved by the Monitoring Officer
Cllr Fiona White 10 March	I have no problem with any the contents of the proposed Code of Conduct. However, I am not sure what sanctions are open to the council if any councillors breach the Code. I am particularly concerned about the protection given to officers who may be subject to bullying or harassment of any kind. Is there anything the council can do under those circumstances?	The process of reviewing the Code of Conduct will not include a review of sanctions. This has, however, been addressed by the Committee on Standards in Public Life (CSPL) in its report on Local Government Ethical Standards published last year. CSPL has asked the government to look at changing the law to give the standards process "more teeth", for example by giving power to standards committees to suspend a councillor and withdraw their allowances for up to six months.
Cllr Deborah Seabrook 20 April	<p>2 (2) (b) (i) should read '.....distress, the spreading of malicious rumours' Or '.....distress, spreading malicious rumours'</p> <p>2 (2) (b) (ii) Think this should also include damage to someone's business or reputation. Also, I'm concerned that it might be difficult to prove intention so perhaps you need to amend to 'may in the mind of a reasonable observer have the potential effect of inciting harassment or ridicule or having detrimental impact on a person's business or reputation.'</p> <p>2 2 (b) (viii) Perhaps there needs to be a caveat....' other than for grounds of demonstrable lack of competence'</p> <p>24 (4) and (5) Seem to slightly conflict. Under (4) we are prohibited from</p>	<p>2 2 b (i): Delete "the"</p> <p>2 2 b (ii): The test has now been amended to state that the alleged perpetrator 'knows or ought to know'.</p> <p>2 2 b (viii): Recommend no change. There is a separate process for complaining about the actions of officers. If councillors feel that an officer lacks competence the matter should be taken up with their line manager. The code of conduct seeks to prevent undermining by constant criticism.</p>

Councillor	Comment	Officer Response
	<p>accepting gifts / hospitality valued at £50 or more. And (5) says if we do accept we should tell the monitoring officer. Surely (5) won't arise if we follow (4)?? Or perhaps the value in (5) should be £25 so that you can accept up to £50 but have to declare if between £25 and £50.</p> <p>25 (d) is difficult to read with all the amendments but I think it should say 'Individual gifts with a value of less than £50 and that are not part of a series of gifts from the same donor (or their associates) with a combined value of £50 or more'</p> <p>26 At the end it should say 'charity <u>or</u> raffle'</p>	<p>Fair comment.</p> <p>Fair comment.</p> <p>Agreed</p>
<p>Cllr Tony Rooth 21 May</p>	<p>25b -incidental instead of accidental ?!</p>	
<p>Cllr Catherine Young 21 May</p>	<p>I have already responded to this consultation as part of West Horsley Parish Council.</p>	
<p>Cllr John Redpath 22 May</p>	<p>I have now read the document and it appears very sound and the alterations good.</p> <p>This is only minor, but there is one small contradiction in terms at 24(4) where it states we should 'never accept' gifts of £50 or more. The following paragraphs then mention what to do with gifts of £50 or more?</p> <p>Could I suggest that there is a proviso under 24 that we should never accept gifts of £50 or more other than under conditions mentioned/stated in paras 25 to 28.</p> <p>Or replace the words 'never accept' with something a little less stringent in 24(4)</p>	<p>This section has been re-worded (see Cllr Seabrook's comments above)</p>
<p>Cllr David Bilbe 22 May</p>	<p>I have had another look at this and it all seems fine. That said I cannot remember if there is some wording which places responsibility to exercise</p>	<p>Councillors are currently required to notify the Monitoring Officer if they receive a gift/hospitality</p>

Councillor	Comment	Officer Response
	<p>sensible discretion as the responsibility of any individual councillor. Generally if people think it feels wrong then it probably is. A bottle of wine worth £49.99 would be a very generous gift and it would be wholly incorrect for a councillor to accept it. A family ticket to the County Show may be more debatable but for me personally I have always refused such. I was offered 4 tickets to the pantomime at YA a couple of years ago and that was dealt with by suggesting that they be given to a deserving family which may not be able to go for financial reasons and that was done via an appropriate charity. A win all round and no-one was offended.</p> <p>I have similar issues in my profession and it is covered by a good ethical code issued by the Bar Council. I am happy to send you a copy if you are short of light reading!! It places the responsibility on me to exercise proper judgment with the backdrop that gifts are not appropriate.</p>	<p>within 28 days of receipt if the value of the gift/hospitality is more than £25; failure to do so would amount to a breach of the Code of Conduct. Acceptance of gifts/hospitality should be avoided altogether if they give the impression of compromising the Nolan Principles.</p> <p>The Nolan Principles refer, amongst others, to integrity, accountability, openness and honesty. The supporting text under 'integrity' in particular places a responsibility on Councillors to avoid placing themselves under any obligation; the implication being that there is a personal responsibility to avoid any accusation of being compromised. There are also criminal offences (such as bribery, as identified by Cllr Bigmore) which place individual responsibility on declaring the receipt of gifts and hospitality on Councillors.</p>
Cllr Joss Bigmore 22 May	<p>I agree with Cllr Bilbe, we have a responsibility to act sensibly and any acceptance of gifts should pass the 'Front Page Test' of Public Opinion, whether we need an arbitrary value cap I'm not so sure.</p> <p>That being said (and I'm well out of my comfort zone here so I may be wrong) following the Financial Crisis there was a new Bribery Act brought in (2010) which alongside making acceptance of bribes a Criminal Act, also made it a Corporate Offence if a company was seen to have failed to prevent Bribery. I'm not sure if this could apply to GBC, if so we may need to detail this in the Code to define this concept of 'sensible acceptance'.</p>	
Cllr David Bilbe 22 May	<p>Joss I will spare you the legal opinion which would not really add much!! You are generally quite correct. There are all sorts of interactive</p>	

Councillor	Comment	Officer Response
	<p>components of legislation which prevent anything other than honest objectivity in corporate, public and personal life. The interaction of civil and criminal law occupies pages of text. As it happens I am attending an on line seminar on that subject at Middle Temple in June.</p> <p>You comment about the sniff test and public perception is the best guide along with clearly stated policies – which we have.</p>	
<p>Cllr Caroline Reeves 22 May</p>	<p>I don't have anything to add and I have seen the comments made by other councillors. This is certainly much stronger than the version we have been using and clearly covers the bullying and harassment issues.</p>	
<p>Cllr Paul Spooner 22 May</p>	<p>I also agree and thought needs to be applied to a 'number' and context of 'gift'. How do you apply a monetary value (or even classification of 'gift' if you are accepting a breakfast reception, or alternatively a lunch reception, at RHS Chelsea, because you are accompanying the MD (CEO) of the Council along with other LA Leaders and Officers from across the country, for presentations on partnership between an organisation Headquartered in our Borough and LAs. Those presentations are on the RHS Chelsea grounds (albeit clearly not this year) and include access to the showgrounds. The 'perceived' value of that is considerable, is that a 'gift' or a necessary part of leadership of a Council as an Officer or a politician?</p> <p>This requires a common sense approach. It is easy to attack from outside a Council, but not so easy when you are running a Council within a national context and 'grey' areas are everywhere. The 'sniff test' for me is key IMO – a Lead Member accepting a gold watch or pen from a developer is clearly unacceptable IMO, but an invitation to join 25 other Council Leaders, MPs, Lords etc at a meeting that coincides with hospitality – less clear IMO – could be a 'gift' or representing a Council and lobbying for funding?</p> <p>Within reason, representing the Council is part of a Councillors role, but</p>	

Councillor	Comment	Officer Response
	<p>should certainly not be a way of receiving gifts of any value or form without an acceptable reason that is tied to promotion or activity of the Council for the benefit of the community.</p>	
<p>Cllr Angela Gunning 22 May</p>	<p>David Bilbe's comments about tickets to YA panto caught my eye. The offer of 6 tickets to the panto had always – until recently – always been worded to make it clear that they were for the Cllr to give away to a family/ies in their ward. And this I have always done, in cooperation with a local school.</p> <p>However recent letters from YA re panto tickets have not made it clear that these were for distribution. And probably new/fairly new cllrs will not be aware of this practice.</p> <p>Whether a 'gift' is worth more than £50 I suppose depends on perception. one can hardly ask 'how much did you pay for this?'. .</p> <p>Disclosable Pecuniary interests I think are more important than bottles allegedly worth more than £50,</p> <p>Private Eye is regularly full of revelations on conflicts of interest.</p>	
<p>Cllr Susan Parker 22 May</p>	<p>What about training – is that a benefit, if GBC has sent us on a training day? What about representing the Council at a conference – is that a benefit or work? What about lunch at such an event – is that a benefit in kind?</p> <p>This document appears to be backdated to 2012 – surely rules can only ever apply from the date they are agreed – you can't make rules retrospectively (anything else must be a breach of our human rights, surely – we can't have breached a rule last year that wasn't yet written!??). So the date at the beginning has to be the date the new rules are agreed, and</p>	<p>Reference in para 1 (1) of the code to 2012 has been deleted</p>

Councillor	Comment	Officer Response
	<p>the existing rules must apply until then.</p> <p>In any case, there are an awful lot of changes here- it's almost doubled in length –and it's not just about benefits in kind. We need to look at this whole document carefully. I am very uncomfortable with some of the phrasing re non-pecuniary interests. If we need to disclose those in future fine – but we can't be in breach if we didn't disclose membership of eg WWF or a local football club last year when we didn't know we needed to do so...</p> <p>There is a lot of muddled drafting here. Quite a lot of clauses contradict each other and there are a number of words defined twice with definitions which don't say the same thing and so contradict each other.</p> <p>I think this document's just not ready to be agreed- it should go back to the Task Force for some re-writing. It can be agreed later when the problems have been resolved. I suggest we flag comments of things we've noticed but postpone ratifying this - it's really not ready. We have an existing code of conduct now which works for now.</p>	
<p>Cllr David Bilbe 23 May 12.14</p>	<p>We need to be clear about non-pecuniary interests. They normally relate to family, friends or other connections such as membership of clubs or societies which can lead to bias because of that connection. Bias and pre-determination are inextricable linked. However just because a person knows who another one is does not lead to a declaration of non-pecuniary interest. All Councillors accept by virtue of their election and office to abide by the good practice of objectivity and open-mindedness – the Localism Act. I have no intention for example of declaring that I know who someone is on every application for planning in my ward in case on non-pecuniary interest. That would be absurd and alert a point of potential conflict when none exists at all. It is about exercising judgment. Out of 2300 voters I probably recognise 500 or more in my village. That is</p>	

Councillor	Comment	Officer Response
	<p>irrelevant to the issue of declaring a non-pecuniary interest. It really is whether your knowledge of a person or anything else would lead to a Councillor being biased in decision-making. If there is a concern – ask the monitoring officer – then exercise judgment. Fact is it will only ever be a real problem if a person has valid grounds for complaint because something can be shown to have been dealt with inappropriately.</p>	
<p>Cllr Nigel Manning 23 May</p>	<p>Knowing someone is one thing, as you say. However, socializing with someone in a personal capacity would in my opinion create a non-pecuniary interest to be declared. Being a member of the same club would not necessarily require a declaration. It is a common sense issue!! What would the man on the Clapham Omnibus think?</p>	
<p>Cllr Ramsey Nagaty 25 May 10.23</p>	<p>I have read through the document which has very many new additions some of which duplicate themselves but with different wording and very different meaning in some cases as well as many inconsistencies.</p> <p>A lot of the new clauses seem to restrict Councillors from any challenge or query about Officers or Councillors behaviour as that is classed as bullying yet the clause before states all Councillors should show leadership and challenge poor behaviour. The general weight of the document appears skewed in restricting Councillors.</p> <p>The Localism Act 2011 is the Act, in my view we should not be adding to it. There maybe a case for putting clarifications and examples within the Guide to being a Councillor but not necessarily within the Code of Practice.</p> <p>The clause covering legal proceedings attempts to distance GBC but could leave a Councillor open to personal legal challenge over some minor lapse or error and opens up a way to control and limit Councillors.</p> <p>Examples of inconsistencies:</p>	

Councillor	Comment	Officer Response
	<p>There are at least two different definitions of bullying within the same document.</p> <p>There are two b(ii) clauses.</p> <p>The number of inconsistencies show this draft has been quickly put together and needs scrutiny.</p> <p>Those appointed to represent GBC on outside bodies or other Committees usually accept as they have an interest in that topic or subject / activity. It would seem wrong to restrict them from then being involved in discussions and voting on any matter relating thereto. This would scew the elected proportionality of the Council. This jars with the clause which confirms those associated with campaigning groups can still participate and vote on related matters to that campaign.</p> <p>The document clearly should be dated currently, not as at present with 5th July 2012 !!!, as the date it is voted on and approved by the ? Full Council? Exec? Corp Gov and stds committee?</p> <p>I strongly feel once initial comments received from Councillors a line by line word by word forensic analysis needs to be undertaken by the current Corp Gov & Stds Task force sub committee.</p> <p>The reasons for desired change have not been discussed or debated. It has been stated in current responses that some do not feel the old code is strong enough. Who are they and what is it precisely they want to change and what is the real motive? Even if that is all correct , why the rush to</p>	<p>There is one definition which is followed by examples</p> <p>This has been amended</p> <p>The wording in the draft Code does not restrict councillors with a non pecuniary interest from participation or voting in a meeting: “21. You can participate in any discussion and (where applicable) vote on any matter in which you have a non-pecuniary interest unless you consider, having taken advice from the Monitoring Officer, that the interest is one that would affect your objectivity in relation to that matter, in which case you should withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting. “</p> <p>Reference in para 1 (1) of the code to 2012 has been deleted.</p>

Councillor	Comment	Officer Response
	implement a new code without going through the normal procedures.	
Cllr John Rigg 25 May	A great note Ramsey. Exactly my concerns. So if a councillor queries history, failures, poor practice, waste etc it is bullying. Exactly the things the voters might think we are elected to do.	
Cllr David Bilbe 25 May	It is a good note. However comprehensive the rule book and the eventualities it contemplates, it does not deal with the most important matter and that is individual responsibility to ensure that standards of appropriate behaviour should prevail. That is something which I take full personal responsibility for. If it feels wrong it probably is. The rule book and code of conduct either governs how people should act before they do or how they will be dealt with if they do not. Or both.	
Cllr Ann McShee 26 May	No comments	
Cllr Bob McShee 26 May	No comments	
Cllr James Walsh 29 May	<p>The Task Group will need to look at all the comments received during the consultation and decide what to recommend to the CGSC. I think other councillors have picked up on the definition and examples of bullying and harassment.</p> <p>As far as registration of non-pecuniary interests is concerned, yes I would expect all councillors who are members of a political party to include that on their register of interests, and declare that interest whenever it is appropriate – along the lines you have indicated.</p> <p>In relation to tickets, it is always best to err on the side of caution. I think that the guidance could be clearer and reference to council sponsored events should read “events organised by, or on behalf of, the Council”.</p>	Agreed

Councillor	Comment	Officer Response
<p>Cllr Fiona White 3 June</p>	<p>I have had a look through the various comments on the code of conduct and it looks as though the concerns fall into two categories. The first seems to be about Declarations of Interest and gifts. I think the Declarations bit was fairly clear. When it comes to gifts, I tend to use the duck test ie if it looks like a duck, walks like a duck and sounds like a duck, it's a duck. Or to be a bit clearer, if a councillor attends on behalf of the council, that seems to me to be normal working practice and therefore is not treating or bribing. If someone offers you a free holiday in Monaco.....</p> <p>Some of the comments relate to the references to "bullying". I find them a bit more difficult to understand. I can't see anything that says we cannot question officers, challenge them or even criticise them just means that we have to do it while still respecting them in their workplace. For comparison, I had a look at the council's local bullying and harassment procedure and it is far more strongly worded than anything in the councillors' code. Surely none of us, as councillors or as people, want to treat people in such a way that we demoralise them or make their working lives miserable. We are expected to deal with each other with respect as councillors, despite our very strong differences of opinion. I have heard some very sharp intakes of breath when a councillor is perceived to have overstepped that line. Surely we owe the same to our professional officers.</p> <p>If we have not been able to resolve issues by the usual processes of discussion, questioning and challenge (and by the way, that doesn't always mean that councillors are right), it is not for us to performance manage officers. Ultimately that is the role of James Whiteman as Head of Paid Service.</p> <p>Personally, I am happy for the Code of Conduct to be adopted as drafted. I can't see any reason for that to stop me from questioning things I disagree</p>	

Councillor	Comment	Officer Response
	with or challenging where I think officers have got things wrong. I just have to remember how to treat people with respect while I'm doing it.	
Cllr John Redpath 3 June	Really good point with regard to bullying. Respect is the key and officers shouldn't mix up a challenging councillor with a bullying one. If any of us (councillors or officers) make decisions then we should accept the fact that others may have a different view or opinion otherwise what is decision making for? It is the democratic way to have debates and occasionally arguments but we must make sure these remain respectful.	

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**Review of Councillors' Code of Conduct
Consultation with Parish Councils**

Parish Council	Comment	Officer comment supported by the task group
West Horsley 24 March	The Parish Council were supportive of the proposed amendments to the Code of Conduct and of the Task Group's recommendations.	
Ripley 25 March	RPC agrees with all the recommendations and adaptations to the Code of Conduct.	
Worplesdon 8 April	<p>(1) For convenience, it would be helpful if the document contained page numbers.</p> <p>(2) Page 1 – Para 2 – First sentence –Insert the word “Nolan” before principles i.e. “the following Nolan principles” as this ties in with Government advice https://www.gov.uk/government/publications/the-7-principles-of-public-life regarding the ethical standards to which Councillors should adhere.</p> <p>(3) Our Councillors are taught that it is illegal for any one Councillor to act alone (unless prior approval is granted by the Corporate Body, and then the Councillor is expected to copy the Clerk – as the Proper Officer – into all correspondence). In addition, we don't have any Lead Members – so paragraph 22 is going to be confusing, as it stands, if the Parish Councils have to adopt exactly the same Code of Conduct as the Borough Council.</p>	<p>(1) The final version of the Code will be paginated</p> <p>(2) The wording in the draft Code reflects the wording of S.28 Localism Act 2011, which does not specify “Nolan” principles.</p> <p>(3) Currently, parish councils are <i>encouraged</i> to adopt a code of conduct that reflects the layout and content of GBC's code. In doing this, we would not expect parish councils to include in their code references to arrangements that do not directly apply to them (e.g. Lead Members). The CSPL is recommending a change in the law to require parish councils to adopt the code of conduct of their principal authority, “but with the necessary amendments” (i.e. an ability to modify the principal authority's code, whilst maintaining the key generic obligations)</p>
Effingham 9 April	Effingham Parish Council (EPC) recognises the work of the Task Group and thanks them for producing the new version of the Code. EPC uses the GBC Code of Conduct as its Code of Conduct and Standards policy for councillors. All complaints against councillors,	(1) Do parish councils indemnify parish councillors engaged in the discharge of parish council functions? If they do, the point in para 1(6) is that any indemnity insurance is not likely to cover action by a parish councillor which

Parish Council	Comment	Officer comment supported by the task group
	<p>which come via the Clerk or Chairman, are referred to the GBC Monitoring Officer.</p> <p>EPC’s comments on the revised Code of Conduct document are:</p> <p>(1) As the Code of Conduct is used by EPC there are some areas where the distinction between GBC councillor and parish councillor may need to be clearer. Para 1 (6) – does the indemnity automatically apply to parish councillors? Para 9 (i) is very GBC orientated, perhaps it could also, in the case of parish councils, refer to parish councillor/clerk relations, and documents relevant to parish councils such as ‘Being a Good Employer’ published by NALC. Part 2 paras 19, 21, 23, and Acceptance of Gifts:24 (5), and 26, 27, 28, and Dispensations: 29, 30, should these say, rather than just Monitoring Officer, “the Parish Clerk in the case of Parish Councils”.</p> <p>(2) Para 2 (2) (b) on bullying and harassment whilst very important now has half a page devoted to it which tends, visually, to reduce the significance of the other important obligations: respect, equality, intimidation and compromising impartiality. The reason is that the new items in blue are unnecessarily long, the points in red summarise the position succinctly and do not over-power the other obligations referred to above. We would therefore recommend the points in blue be deleted</p>	<p>amounts to misconduct, and which affects a third party. If parishes do not provide indemnity, this need not be included in their respective codes.</p> <p>References to Protocol on Councillor/Officer Relations, the Guidance on the Use of Social Media and Mobile Devices, and the Probity In Planning – Councillors’ Handbook, which don’t apply to parish councils, could be substituted with references to relevant documents that <i>do</i> apply to a particular parish council (e.g. parish councillor/clerk relations).</p> <p>In Part 2: Paras 19, 21, 23, 24 and 26-30, we would expect parish councils to amend their code to suit local circumstances.</p> <p>In practice parish councillors complete their registers of interest forms and pass them to the parish clerk, who uploads them to the parish website and sends the original form to GBC Monitoring Officer (Para 19).</p> <p>We would expect parish councillors to consult initially with the clerk about whether a non-pecuniary interest would prevent them from participating in a debate. The clerk may consult with the MO if necessary (Para 21).</p> <p>Para 23 relates to Para 22 which would not be relevant to parish councils.</p> <p>In Para 24(5), again, we would expect parish councillors to notify initially the clerk of the acceptance of any gift or hospitality, which would require a change to their</p>

Parish Council	Comment	Officer comment supported by the task group
		<p>register of interests. The parish clerk would upload the change to the parish website and notify the MO.</p> <p>We agree that parish councils could substitute “parish clerk” in place of “Monitoring Officer” in paras 26-28.</p> <p>Parish clerks have no lawful authority to grant dispensations (paras 29 and 30). This responsibility rests with the MO.</p> <p>(2) The wording in Para 2 (2) (b) on bullying and harassment as currently proposed is appropriate.</p>
East Horsley 15 April	No comments	
Shere 14 May	No comments	
Send 21 May	Send PC supports GBC’s review of Best Practice Recommendations and changes to the Code of Conduct to include stronger prohibitions on bullying and harassment.	
Ockham 27 May	No comments	

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GUILDFORD BOROUGH COUNCIL

CODE OF CONDUCT FOR COUNCILLORS AND CO-OPTED MEMBERS

PART 1

GENERAL PROVISIONS

Introduction and Interpretation

1. (1) This version of the Code came into effect on ~~5 July 2012~~ 6 October 2020 and applies to you only when acting in your capacity either as a councillor or co-opted (voting) member of the Council or its committees and sub-committees.
- (2) It is your responsibility to comply with the provisions of this Code which will assist the Council in meeting its statutory obligation to promote and maintain high standards of conduct by its councillors and co-opted members in accordance with the following principles:
 - **Selflessness.** Holders of public office should act solely in terms of the public interest.
 - **Integrity.** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.
 - **Objectivity.** Holders of public office must act and take decisions impartially fairly and on merit using the best evidence and without discrimination or bias.
 - **Accountability;** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
 - **Openness.** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
 - **Honesty.** Holders of public office should be truthful.
 - **Leadership** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Definition of terms

- (3) In this Code:

“bully” means to persistently display offensive, intimidating, malicious or insulting behaviour, which may involve an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient.

“harass” means the undertaking of an act or series of acts which are intended to cause alarm or distress (for example the making of malicious or false assertions, whether publicly or privately) and in the context of a relevant protected characteristic defined in the Equality Act 2010 to display unwanted conduct which has the purpose or effect of violating an individual’s dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual.

A “disclosable pecuniary interest” is an interest within the prescribed descriptions set out below that you have personally, or is an interest of your spouse or civil partner, a person with whom you are living as husband and wife, or a person with whom you are living as if you were civil partners, and you are aware that that other person has the interest:

<i>Subject</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M’s knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.

Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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These descriptions on interests are subject to the following definitions;

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant authority;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or section 31 (7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

“meeting” means any meeting of:

- (a) the Council;
- (b) the Executive of the Council;

- (c) any of the Council's or its Executive's committees, sub-committees, joint committees, joint sub-committees or area committees, including any site visit authorised by the Council, the Executive or any of the aforementioned committees.

A "non-pecuniary interest" is an interest which is not a disclosable pecuniary interest (as defined above) but is nonetheless an interest that may in the mind of a reasonable observer affect your objectivity or judgement of the public interest. Examples of non-pecuniary interests include but are not limited to:

(a) membership of organisations to which you have been appointed or nominated by the Council and in which you hold a position of general control or management, or

(b) membership or holding a position of general control or management of any body that:

- exercises functions of a public nature
- is directed to charitable purposes
- one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

- (4) This Code does not cover matters in respect of which the Localism Act 2011 specifically provides that criminal sanctions will apply.
- (5) A failure of a councillor or co-opted member to comply with this Code is not to be dealt with otherwise than in accordance with arrangements approved by the Council under which allegations of such failure can be investigated and decisions on such allegations can be made. In particular, a decision is not invalidated just because something that occurred in the process of making the decision involved a failure by a councillor or co-opted member to comply with the Code.
- (6) Councillors may in their individual and personal capacity be subject to legal proceedings from third parties aggrieved by an action which also amounts to a breach of this Code. Councillors should be aware that the legal indemnity provided by the Council to Councillors engaged in the discharge of Council functions is unlikely to cover actions which constitute breaches of this Code.

General Obligations

2. (1) You must treat others with respect.
- (2) You must not:
- (a) do anything which may cause the Council to breach any of the equality enactments;
- (b) bully or harass any person. Examples of bullying/harassing behaviour include but are not limited to:
- (i) malicious falsehood, actions (whether by speech, written communication (including by email, text message, etc), or via social media which are intended to cause alarm or distress, spreading malicious rumours, or insulting someone by word or behaviour

(ii) the broadcast of confidential or private correspondence (whether by forwarding, copying, or reproducing that correspondence in a wider or public forum) where you know or ought to know that it would have the effect of inciting harassment or ridicule or having a detrimental impact on a person's reputation or business

(iii) exclusion or victimisation

(iv) unfair treatment

(v) overbearing supervision or other misuse of power or position

(vi) unwelcome sexual advances – touching, standing too close, the display of offensive materials, asking for sexual favours, making decisions on the basis of sexual advances being accepted or rejected

(vii) making threats or comments about job security without foundation

(viii) deliberately undermining by constant negative criticism rather than to complain to the appropriate manager or supervisor

(ix) preventing individuals progressing by intentionally blocking promotion or training opportunities.

- (c) intimidate or attempt to intimidate any person who is or is likely to be:-
- (i) a complainant,
 - (ii) a witness, or
 - (iii) involved in the administration of any investigation or proceedings, in relation to an allegation that a councillor or co-opted member (including yourself) has failed to comply with this code of conduct; or
- (d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the Council.

3. You must not:

- (a) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:
- (i) you have the consent of a person authorised to give it;
 - (ii) you are required by law to do so;
 - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
 - (iv) the disclosure is:
 - (aa) reasonable and in the public interest; and

- (bb) made in good faith and in compliance with the reasonable requirements of the Council¹; or
- (b) prevent another person from gaining access to information to which that person is entitled by law.
4. You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or the Council into disrepute, or in a manner which is contrary to the Council's duty to promote and maintain high standards of conduct by councillors and co-opted members.
5. You:
- (a) must not use or attempt to use your position as a councillor or co-opted member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage; and
- (b) must, when using or authorising the use by others of the Council's resources:
- (i) act in accordance with the Council's reasonable requirements;
- (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and
- (c) must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.
6. (1) When reaching decisions on any matter you must have regard to any relevant advice provided to you by the Council's Chief Finance Officer or Monitoring Officer where that officer is acting pursuant to their statutory duties.
- (2) You must give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by the Council.
7. If you are the subject of a complaint, you have a duty to cooperate with any investigation and to respond promptly and comply with any reasonable requests from the Investigating Officer for such things as interviews, comments on draft meeting/ interview notes or the provision of information necessary for the conduct of an investigation.
8. You must not make trivial, politically motivated, or malicious allegations of misconduct against other councillors.
9. In addition to compliance with this Code of Conduct, you are also expected to comply with:
- (i) the relevant requirements of the Protocol on Councillor/Officer Relations, the Social Media Guidance for Councillors, and the Probity In Planning – Councillors' Handbook, and
- (ii) any reasonable request by the Council that you complete a related party transaction disclosure

¹ Means the councillor should always consult the Monitoring Officer before taking a decision on whether or not to disclose confidential information

PART 2

INTERESTS

Predetermination

10. (1) Where you have been involved in campaigning in your political role on an issue which does not impact on your personal and/or professional life you should not be prohibited from participating in a decision in your political role as a councillor.
- (2) However, you should not place yourself under any financial or other obligation to outside organisations that might seek to influence you in the performance of your official duties.
- (3) When making decisions you must consider the matter with an open mind and on the facts before the meeting at which the decision is to be made.
- (4) If a councillor considers that they could be biased or they have predetermined their position to a decision, he or she should disclose this and should not take part in the decision-making process whenever it becomes apparent that the matter is being considered.

Registration of Disclosable Pecuniary Interests

11. As a councillor or co-opted member of the Council you must avoid participating in any decision where you could reasonably be seen as having an interest which compromised your honesty or objectivity. Equally you should avoid any action which might reasonably lead others to conclude that you were not acting selflessly or with integrity. In order to assist with this and to promote openness and accountability, the Monitoring Officer must, by law, establish and maintain a register of interests, open for inspection by the public at the Council's offices and publicly accessible on our website:
<http://www.guildford.gov.uk/councillorsearch>
12. You must, before the end of 28 days beginning with the day on which you became a councillor or co-opted member of the Council, notify the Monitoring Officer of any disclosable pecuniary interests which you have at the time when the notification is given. You should be aware that these interests include those of your spouse or civil partner, a person with whom you are living as husband or wife or a person with whom you are living as if they were a civil partner so far as you are aware of the interests of that person. These interests will then be entered on the register of interests.
13. Where you become a councillor or co-opted member of the Council as a result of re-election or re-appointment, paragraph 12 applies only as regards disclosable pecuniary interests not entered in the register when the notification is given.

Disclosure of Disclosable Pecuniary Interests and participation in decision making

14. Subject to paragraphs 29 to 32 (*dispensations*), if you are present at any meeting and you are aware that you have, or any other person referred to in paragraph 12 above has, a disclosable pecuniary interest in any matter that will be, or is being, considered at that meeting, you must, irrespective of whether that interest has been registered:
 - (a) disclose the nature of the interest to the meeting (or, if it is a sensitive interest as described in paragraph 33 below, disclose merely the fact that it is a disclosable pecuniary interest);

- (b) not participate in any discussion or vote regarding that matter; and
- (c) withdraw immediately from the room or chamber (including the public gallery) where the meeting considering that matter is being held.

Where you have not previously notified the Monitoring Officer of that disclosable pecuniary interest you must do so within 28 days of the date of the meeting at which it became apparent.

15. Subject to paragraphs 29 to 32 (*dispensations*), if you are aware that you have, or any other person referred to in paragraph 12 above has, a disclosable pecuniary interest in any matter on which either:

- (a) you are authorised to make decisions, or
- (b) you are consulted by an officer discharging powers delegated to them,

you must not, in relation to (a) above, take any decision on that matter or, in relation to (b) above, participate in any consultation with such officer in respect of that matter

Where you have not previously notified the Monitoring Officer of that disclosable pecuniary interest you must do so within 28 days of the date on which it became apparent.

16. You may participate in any business of the Council where that business relates to the Council's functions in respect of:

- (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
- (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full-time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
- (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
- (iv) an allowance, payment or indemnity given to councillors or co-opted members;
- (v) any ceremonial honour given to councillors; and
- (vi) setting Council Tax or a precept under the Local Government Finance Act 1992.

17. You should be aware that it is a criminal offence if, without reasonable excuse, you

- (a) fail to disclose a disclosable pecuniary interest as set out above;
- (b) participate in any discussion or vote on a matter in which you have a disclosable pecuniary interest
- (c) take any steps as a single member discharging a function of the Council, when you have a disclosable pecuniary interest in a matter you are dealing with
- (d) provide information in relation to your disclosable pecuniary interests that is false or misleading and you know that the information is false or misleading, or are reckless as to whether the information is true and not misleading.

Non-Pecuniary Interests

18. In addition to the disclosable pecuniary interests referred to above, you will have a non-pecuniary interest in any organisation, operating in the borough of which you are in a position of general control or management, even if you were appointed or nominated to that organisation by the Council. This includes public and voluntary sector organisations, such as other councils, schools, charities and some companies. It also includes political parties and campaigning groups.
19. You must, within 28 days of taking office as a councillor or co-opted member notify the Council's Monitoring Officer of your non-pecuniary interests. Any interests you declare will be included in the Council's Register of Interests. You must also notify the Monitoring Officer of any changes in your interests arising after you have completed your initial notification.
20. In accordance with this Council's requirement that you are as open as possible about your decisions and actions, where you have a non-pecuniary interest in any matter to be considered or being considered at a meeting of the Council, the Executive (or any of its committees or sub-committees), a committee, board, sub-committee or joint committee of the Council and you speak at that meeting, you must disclose to that meeting the existence and nature of that interest.
21. You can participate in any discussion and (where applicable) vote on any matter in which you have a non-pecuniary interest unless you consider, having taken advice from the Monitoring Officer, that the interest is one that would affect your objectivity in relation to that matter, in which case you should withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting.
22. If you are discharging a function of the Council as a member acting alone (e.g. as a Lead Councillor) or if you are being consulted by an officer discharging powers delegated to them, you will need to consider whether you have a non-pecuniary interest in any matter you are dealing with in the course of discharging that function, or in any matter on which you are being consulted. If you do have such an interest, you must ensure that a record of the existence and nature of the interest is recorded in the decision notice.
23. If, having taken advice from the Monitoring Officer, you consider that the interest is one that would affect your objectivity in relation to the matter, and therefore inappropriate for you to continue to take any steps in relation to the matter, you should not do so (except for the purpose of enabling the matter to be dealt with by someone else).

Acceptance of Gifts and Hospitality

24. As a councillor or co-opted member of the Council you must avoid accepting any gift, hospitality or other favour which could give the impression of compromising your integrity, honesty or objectivity. You should never accept any gift or hospitality as an inducement or reward for anything, if acceptance might be open to misinterpretation or which puts you under an improper obligation. In particular, whenever acting in your capacity as a councillor or co-opted member, you

- (1) should avoid any behaviour which might reasonably be seen as motivated by personal gain;

(2) should exercise caution in accepting any gifts or hospitality regardless of value which are (or which you might reasonably believe to be) offered to you because you are a councillor or co-opted member;

(3) should never solicit a gift or hospitality; and

(4) should never accept significant gifts or hospitality (i.e. anything with a value of £50 or more) from any third party, suppliers or contractors seeking to acquire or develop business with the Council; and

~~(5) must, within 28 days of receipt or acceptance, notify the Monitoring Officer of any gift you receive or hospitality you accept (of a value of £25 or more) for inclusion in the register of interests.~~

Any declined offer of a gift or hospitality need not be registered.

25. For the avoidance of doubt, the following gifts and types of hospitality do not need to be disclosed/registered:

(a) civic hospitality provided by the Council or another public authority;

(b) modest refreshment in connection with any meeting or on the occasion of any social meeting;

(c) tickets for sporting, cultural and entertainment events which are sponsored by, or organised by or behalf of the Council;

(d) individual gifts with a value of up to £50, or more than one gift from one donor with a combined value of up to £50

26. Where it is impracticable to return any unsolicited gift of a value of £50 or more, or the return would cause offence, you must as soon as practicable within 28 days after the receipt of the gift, notify the Monitoring Officer in writing, and pass the gift to the Mayor's Office for donation to a charity or raffle as appropriate.

27. You must immediately report to the Monitoring Officer any circumstances where a gift or hospitality has been offered to you or to another councillor in order to gain inappropriate favour.

28. Your participation in any item of business that affects a donor from whom you have received any gift or hospitality that is registered, or ought to be registered as set out above, will need to be considered by you on a case by case basis. You will only be expected to exclude yourself from speaking or voting in exceptional circumstances, for example where there is a real danger of bias, or where you consider, having taken advice from the Monitoring Officer, that acceptance of a gift or hospitality would affect your objectivity in relation to the consideration of that business.

Dispensations

29. A councillor or co-opted member with a disclosable pecuniary interest in a matter may submit a written request to the Monitoring Officer for the grant of a dispensation allowing that councillor or co-opted member to participate in any discussion and/or vote on that matter at a meeting.

- 30.** The Monitoring officer may, after having had regard to all relevant circumstances, grant a dispensation to the councillor or co-opted member only if, he considers that without the dispensation:
- (a) the number of persons prohibited from participating in any particular business in relation to the matter would be so great a proportion of the body transacting the business as to impede the transaction of that business, or
 - (b) considers that without the dispensation each member of the Executive would be prohibited from participating in any particular business to be transacted by the Executive in relation to the matter.
- 31.** The Corporate Governance and Standards Committee may, after having had regard to all relevant circumstances, grant a dispensation to the councillor or co-opted member only if, the Committee considers that:
- (a) without the dispensation the representation of different political groups on the body transacting the particular business would be so upset as to alter the likely outcome of any vote relating to that business, or
 - (b) granting the dispensation is in the interests of persons living in the borough, or
 - (c) it is otherwise appropriate to grant the dispensation.
- 32.** Any dispensation granted must specify the period for which it has effect, and the period specified may not exceed four years.

Sensitive Information

- 33.** (1) Sub-paragraphs (2) and (3) apply where:
- (a) a councillor or co-opted member of the Council has an interest (whether or not a disclosable pecuniary interest), and
 - (b) the nature of the interest is such that the councillor or co-opted member, and the Monitoring Officer, consider that disclosure of the details of the interest could lead to the councillor or co-opted member, or a person connected with that councillor or co-opted member, being subject to violence or intimidation.
- (2) If the interest is entered in the register of interests, copies of the register that are made available for inspection, and any version of the register published on the Council's website, must not include details of the interest (but may state that the councillor or co-opted member has an interest the details of which are withheld under this provision of the Code).
- (3) Where a disclosable pecuniary interest is not entered on the register of interests and would otherwise require disclosure at a meeting, the councillor or co-opted member shall be entitled to merely disclose at the meeting the fact that they have such an interest in the matter concerned.

Removal of entries in the register

- 34.** An entry in the register of interests will be removed once the person concerned:

- (a) no longer has the interest, or
- (b) is (otherwise than transitorily on re-election or re-appointment) neither a councillor nor a co-opted member of the Council.

Review of the Councillors' Code of Conduct

35. This code of conduct shall normally be reviewed every four years during the year following the Borough Council Elections, and any such review shall involve formal consultation with parish councils within the borough.

DRAFT

Review of various Corporate Governance and Standards related matters:

Decisions taken by the Corporate Governance and Standards Committee on 30 July 2020

- (1) That the Council's code of conduct be readily accessible to both councillors and the public in a more prominent position on the Council's website and available for inspection at the Council offices (CSPL Best Practice Recommendation 4 refers).
- (2) That, notwithstanding the duty of all councillors to ensure that their register of interests (including gifts and hospitality) is kept up to date, the Democratic Services and Elections Manager be requested to prompt councillors to review their register of interests on a quarterly basis (CSPL Best Practice Recommendation 5 refers).
- (3) That the Committee notes that, by having a shared pool of seven Independent Persons jointly appointed by Guildford and six other Surrey councils for the four-year period 2019-23, the Council complies fully with CSPL Best Practice Recommendation 7: Local authorities should have access to at least two Independent Persons.
- (4) That the Monitoring Officer be requested to provide an indicative estimate of timescales for investigations and outcomes within the guidance on the Council's website in respect of making a complaint under the Councillors' Code of Conduct (CSPL Best Practice Recommendation 10 refers).
- (5) That the Committee agrees that CSPL Best Practice Recommendation 11: "Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances" is a matter for individual parish councils, but that there should be no impediment for a clerk to make a formal complaint about the conduct of a parish councillor.
- (6) That, should there be the need for assistance to a Parish Council in dealing with a conduct issue on the part of the Clerk, the Monitoring Officer could assist in this regard by offering advice, support, and guidance.
- (7) That the Councillor Development Steering Group be requested to look at extending training opportunities to parish councils wherever possible and encouraging parish councillors' attendance at any such opportunities in the future (CSPL Best Practice Recommendation 12 refers).
- (8) That the Committee notes that by having procedures already in place in the Council's Arrangements to address any conflicts of interest that might arise when undertaking a standards investigation, the Council complies fully with CSPL Best Practice Recommendation 13.
- (9) That the Committee notes that by having frequent meetings with political group leaders where the Managing Director is able to discuss various matters including, where necessary, ethical standards issues, the Council complies fully with CSPL Best Practice Recommendation 15.

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**GUILDFORD BOROUGH COUNCIL
CORPORATE GOVERNANCE & STANDARDS TASK GROUP**

Committee on Standards in Public Life – Best Practice Recommendations

CSPL BEST PRACTICE RECOMMENDATION	Task Group’s Initial Comment	Parish Councils’ Comments	Task Group’s comments in response to Parish Councils’ comments
<p>1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.</p>	<p>The Task Group agreed that the Code of Conduct should include a prohibition on harassment with reference to the statutory definition of “harassment”, define “bullying” using the ACAS definition, and include a list of examples of the behaviour covered by such definitions.</p>	<p>Effingham Parish Council: Section 2(b) on bullying and harassment whilst very important now has a half page devoted to it which tends, to reduce the significance of the other important ‘obligations: respect, equality, intimidation and compromising impartiality. EPC feels that the text in red covers everything necessary including examples and suggests the new items in blue are deleted.</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>The task group reviewed the parish council’s comments in considering the draft revised code of conduct on 24 June, but felt that the wording on the definitions of bullying and harassment was appropriate, subject to minor amendments</p>
<p>2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors</p>	<p>The Task Group noted the requirement to comply with formal standards investigations was contained in paragraph 15 of the adopted Arrangements for dealing with allegations of misconduct rather than in the Code of Conduct. It was agreed that the wording in paragraph 15 should</p>	<p>Effingham Parish Council: Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

**CSPL BEST PRACTICE
RECOMMENDATION**

Task Group’s Initial Comment

Parish Councils’ Comments

**Task Group’s comments in
response to Parish Councils’
comments**

be repeated in the Code of Conduct:

“The Subject Member has a duty to cooperate with any investigation and to respond promptly and to comply with any reasonable requests from the Investigating Officer for such things as interviews, comments on draft meeting/ interview notes or the provision of information necessary for the conduct of an investigation.”

The adopted Arrangements also referred, in the context of determining whether a complaint should be investigated, to whether the complaint appeared (to the Monitoring Officer) to be *“malicious, vexatious, politically motivated or ‘tit-for-tat’”*. It was suggested that allegations that the Monitoring Officer deems “trivial” should be added to this list, and reference be made in the Code of Conduct.

3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

The Task Group agreed that the code of conduct should normally be reviewed every four years during the year following the Borough Council Elections. Any review would involve formal consultation with parish councils, most of which had adopted GBC’s code

Effingham Parish Council:
Ripley Parish Council:
Seale & Sands Parish Council:
Send Parish Council:
West Horsley Parish Council:
Agree with the Task Group

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.</p>	<p>of conduct as the model for their own code.</p> <p>The Task Group agreed that the Code needed to be in a more prominent position on the Borough Council's website.</p>	<p>Effingham Parish Council: Ripley Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p> <p>Seale & Sands Parish Council: Agreed, but note if Council premises is at a person's home there may be delay in availability.</p>	<p>Noted</p>
<p>5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.</p>	<p>The Task Group agreed that the responsibility for keeping the register of interests (including gifts and hospitality) rests with individual councillors. However, Democratic Services would prompt councillors to review the register on a quarterly basis.</p>	<p>Effingham Parish Council: At EPC the Parish Clerk maintains the register of interests and register of gifts and hospitality, and he prompts councillors to review the register.</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>Noted</p>
<p>6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.</p>	<p>This is not explicitly stated in the Arrangements, but the Task Group agreed that there was no need to make any changes to the Arrangements in this regard.</p>	<p>Effingham Parish Council: Ripley Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

**CSPL BEST PRACTICE
RECOMMENDATION**

Task Group's Initial Comment

Parish Councils' Comments

**Task Group's comments in
response to Parish Councils'
comments**

Agenda item number: 11
Appendix 5

7: Local authorities should have access to at least two Independent Persons.

The Task Group noted that there is currently a shared pool of seven Independent Persons jointly appointed by Guildford and six other Surrey councils for the four-year period 2019-23.

Seale & Sands Parish Council:
We would need advice on this point

This is a GBC responsibility and does not affect parish councils as any public interest test would be undertaken by the monitoring officer.

8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

The Task Group noted that although this was included in the Council's Arrangements, the views of the Independent Person were not, however, included in the decision in writing under para 7.10 of the Arrangements. The Task Group agreed that the Arrangements should be amended accordingly.

**Effingham Parish Council:
Ripley Parish Council:
Seale & Sands Parish Council:
Send Parish Council:
West Horsley Parish Council:**
Agree with the Task Group

**Effingham Parish Council:
Ripley Parish Council:
Seale & Sands Parish Council:
Send Parish Council:
West Horsley Parish Council:**
Agree with the Task Group

9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the

Our Arrangements provide for the Monitoring Officer to:

- issue a written decision within 10 working days of the hearing to the subject member, complainant, any witness and

**Effingham Parish Council:
Ripley Parish Council:
Seale & Sands Parish Council:
Send Parish Council:
West Horsley Parish Council:**
Agree with the Task Group

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.</p>	<p>parish clerk (if relevant); and</p> <ul style="list-style-type: none"> publish a summary of the decision and reasons on the website <p>The Task Group agreed that the summary of the decision should include the view of the Independent Person, and that the Arrangements should be amended to reflect this.</p>		
<p>10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.</p>	<p>The Task Group noted that guidance on how to make a complaint, including a complaint form, and the process for handling complaints is available for viewing on the Council's website: https://www.guildford.gov.uk/councillor-conduct</p> <p>Reference is made in the Arrangements to timescales at various stages of the complaints process. Although it is very difficult to estimate timescales for investigations and outcomes, as the nature and complexity of complaints varies, the Task Group recommended the Council provides an indicative estimate of timeframes alongside the</p>	<p>Effingham Parish Council: Sometimes at parish council level complaints against a parish councillor may be directed, in the first instance, to the Clerk or Chairman. These would then be directed to the Monitoring Officer</p> <p>Seale & Sands Parish Council: Agreed, subject to timescales being quantified</p> <p>Ripley Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>Noted</p> <p>As stated in the Task Group's comments, it is recommended that indicative timescales be included.</p>

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.</p>	<p>guidance on the website.</p> <p>The Task Group considered that this recommendation proposed an unusual reporting process as the clerk is an employee of the parish council and therefore subject to employment law. The Task Group felt that this was a matter for individual parish councils, but that there should be no impediment for a clerk to make a formal complaint about the conduct of a parish councillor.</p> <p>It was also suggested that, should there be the need for assistance to a parish council in dealing with a conduct issue on the part of the clerk, the Monitoring Officer could assist in that regard.</p>	<p>Effingham Parish Council: Agree with both the Task Group's statements.</p> <p>Seale & Sands Parish Council: We would want the full Parish Council to be party to such a process</p> <p>Ripley Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>Noted. This would be subject to the preference of each parish council, although as the Task Group has stated, the parish clerk should not be precluded from making their own complaint.</p>
<p>12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the</p>	<p>The Task Group noted that previous Ethical Standards training sessions for parish members Ethical standards training had been poorly attended. However, the Task Group felt that the Councillor Development Steering</p>	<p>Effingham Parish Council: Agree with the Task Group. However, EPC do not agree that all past standards training sessions have been poorly attended – perhaps the last ones were (in</p>	<p>Noted. The post-election ethical standards training for parish councillors in 2019 was organised, and parish clerks notified, well in advance of each of the sessions. However, the Task Group has</p>

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.</p>	<p>Group should seek to extend training opportunities to parish councils wherever possible</p>	<p>2019) but were these events fully advertised to parish councils? Events sponsored by GBC on the Localism Act for parish councils a few years ago were well attended.</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>revised its earlier comment by deleting the negative reference to the poorly attended ethical standards training and adding that it would wish to recommend to the Councillor Development Steering Group that it should also encourage parish councillors' attendance at future sessions.</p>
<p>13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.</p>	<p>Our Arrangements currently comply in full and provide that:</p> <ul style="list-style-type: none"> No Member of the Council will participate in any stage of the arrangements if he or she has, or may have, any conflict of interest in the matter. (Paragraph 1.6) The Monitoring Officer may, at his absolute discretion, refer a complaint to the Assessment Sub-Committee for assessment, in cases, for example, where there is an allegation where there is a perceived or actual conflict of interest e.g. the Monitoring 	<p>Effingham Parish Council: Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.</p> <p>15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.</p>	<p>Officer has previously advised the Subject Member on the matter (paragraph 7.6).</p> <ul style="list-style-type: none"> When appointing an investigating officer, the Monitoring Officer may, at his sole discretion, make an external appointment to the role of Investigating Officer where for example, a conflict has, or may be perceived to have, arisen (App 2 paragraph 3 (d)). <p>The Task Group agreed that the Executive Shareholder and Trustee Committee should have involvement in the overview of the existing and future companies set up by the Council. Meetings of the Executive Shareholder and Trustee Committee were open to the public with public agendas but that commercial sensitivities must be respected.</p> <p>The Task Group noted that the Managing Director met on a monthly basis with Group Leaders, or more frequently if required, to discuss various matters including, where necessary, standards issues.</p>	<p>Effingham Parish Council: Noted</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

Council Report

Ward(s) affected: n/a

Report of Director of Resources

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Date: 6 October 2020

Review of the Protocol on Councillor-Officer Relations

Executive Summary

Arising from a number of concerns raised by councillors in relation to ethical standards and transparency, on 19 November 2019 the Committee resolved to set up a cross-party task group with a wide remit to consider, review and make recommendations on these matters (see minute CGS34).

The task group currently comprises the following persons:

- Councillor Deborah Seabrook (Chairman)
- Councillor David Bilbe (w.e.f. 24 September)
- Councillor Liz Hogger
- Councillor Nigel Manning
- Councillor Ramsey Nagaty
- Councillor James Walsh
- Murray Litvak (independent member of the Committee)
- Julia Osborne (Parish representative on the Committee)

Included in the above-mentioned resolution was the remit to review the Protocol on Councillor/Officer Relations. A copy of the current Protocol is attached as **Appendix 1** to this report. This Protocol is not a statutory document, but it sits alongside the Councillor Code of Conduct and the Staff Code of Conduct in the Constitution and sets out guidance for councillors and officers on their respective roles and expected conduct in their relationship with one another.

In early 2019, a former task group of the Corporate Governance and Standards Committee reviewed the Protocol on Councillor/Officer Relations but did not report back on its findings as it was felt that the newly elected Council should have the opportunity of providing input into the review.

The current task group agreed to pick up the review at the point at which the previous task group had concluded.

The task group recommend the adoption of the draft revised Protocol attached as **Appendix 2** to this report.

This report was also considered by the Corporate Governance and Standards Committee at its meeting on 24 September 2020. The Committee has commended the draft revised Protocol to Council for adoption, and also recommends that it should be reviewed at least every four years at the same time as the codes of conduct for councillors and staff

Recommendation to Council

- (1) That the draft revised Protocol on Councillor/Officer Relations as attached to this report at Appendix 2, be adopted.
- (2) That the Protocol be reviewed at least every four years at the same time as the Council reviews its codes of conduct for councillors and staff.

Reasons for Recommendation:

- (1) To ensure that properly reviewed and up to date guidance is made available to councillors and officers.
- (2) To ensure that the Protocol is kept under review at least every four years

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 The purpose of this report is to present to the Council the outcome of the review by the Corporate Governance Task Group of a revised Protocol on Councillor/ Officer Relations, which is set out in **Appendix 2**. The Council is asked to adopt the draft revised Protocol.

2. Strategic Priorities

- 2.1 Guildford Borough Council strives to be the best council and to deliver quality and value for money services whilst being open and accountable. Building a constructive and collaborative relationship between councillors and officers is essential to achieving the Council's corporate objectives.

3. Background

- 3.1 Councillors and officers are indispensable to one another and mutual respect and communication between both is essential for good local government. Together, they bring the critical skills, experience and knowledge required to manage an effective council. Councillors provide a democratic mandate to the Council, whereas officers contribute the professional and managerial expertise needed to deliver the policy framework agreed by councillors. The roles are very different but need to work in a complementary and mutually respectful way.

- 3.2 Although protocols on councillor/officer relations are not mandatory, most councils recognise that it is good practice to have an adopted protocol providing guidance for good working relations between councillors and officers, which defines their respective roles and provides some principles governing conduct and appropriate behaviour. Guildford's protocol on Councillor/Officer relations is currently included in Part 5 of the Constitution sitting alongside and complementary to the Councillors' Code of Conduct and the Code of Conduct for Staff. The Protocol was first introduced in 2002 and, although it has been periodically updated, for example to reflect changes in job titles, it had not been reviewed until now.
- 3.3 At its meeting in November 2018, the Corporate Governance and Standards Committee recognising the need to ensure that the Protocol was up to date, relevant, and reflected current law and best practice, established a task group to review the Protocol and to report back its recommendations to the Committee in March 2019, with a view to the adoption of a revised Protocol by the Council in April 2019.
- 3.4 In early 2019, the task group commenced the review but did not report back on its findings as it was felt that the newly elected Council should have the opportunity of providing input into the review.
- 3.5 Following the Borough Council elections in May 2019, the Council at its meeting on 8 October 2019, adopted a motion which, amongst other matters, requested the establishment of a task group to examine the effectiveness of internal communications and promote transparency. The Corporate Governance and Standards Committee, at its meeting in November 2019, set up its own task group to not only undertake the work agreed by the Council, but also to review a number of other matters including the Councillors' Code of Conduct, and the work undertaken by the previous task group which had commenced the review of the Protocol on Councillor/Officer Relations in early 2019.
- 3.6 The product of the current task group's work in reviewing the Protocol is set out in **Appendix 2** to this report. The task group commends the revised Protocol to the Council for adoption.

Membership of the Task Group

- 3.7 When the task group was established in November 2019, it was envisaged that all political groups would be represented on it. As there was no representative from the Conservative Independent Group, the Corporate Governance and Standards Committee, at its meeting on 24 September 2020, approved the nomination of Councillor David Bilbe to join the task group.

4. Consultations

- 4.1 The draft Protocol has been reviewed by the Council's Unison representative who suggested the following amendments to paragraph 3.4 thereof (which are shown in red below):

“3.4 *The role of officers is to seek to assist councillors, within the restrictions of their levels of authority and in regard to the rules governing access to information. They also have a role to ensure that councillors are properly informed about information to which they have a right of access. Officers should not use professional expertise to discourage or intimidate councillors from pursuing lines of inquiry. There may well be service level agreements set out regarding the timescales for responding to particular queries or referrals from individual councillors. These may well vary dependent on the ‘level’ of a councillor or the topic in question. For example, responses to the leader of the council or the leader of any opposition group may well need to be given more speedily than say a referral from a backbench councillor, dependent upon the urgency of the enquiry. Or responses to matters around the safeguarding of children or vulnerable adults might require a prompter response due to the immediacy of the issue and the need to take action within a short timeframe. In all cases, the officer, as the subject matter expert, should be able to prioritise their work based on the urgency of the matter raised, whoever is making an enquiry.*

4.3 In response, the Task Group has suggested the following wording as amended in red below:

“3.4 *The role of officers is to seek to assist councillors within the restrictions of their levels of authority and in regard to the rules governing access to information. They also have a role to ensure that councillors are properly informed about information to which they have a right of access. Officers should not use professional expertise to discourage or intimidate councillors from pursuing lines of inquiry. There may be service level agreements set out regarding the timescales for responding to particular queries or referrals from individual councillors. These may vary dependent on the ‘level’ of a councillor or the topic in question. For example, responses to the leader of the council or the leader of any political group may need to be given more speedily than a referral from a backbench councillor. Responses to matters of urgency, for example regarding the safeguarding of vulnerable adults or children can require a prompter response due to the immediacy of the issue and the need to take action within a short timeframe. Both officers and councillors have to prioritise their work. When their priorities do not coincide, they should discuss and agree a mutually acceptable timescale for response.”*

The revised wording, as suggested by the Task Group, has been included in the draft revised Protocol at Appendix 2.

5. Financial Implications

5.1 There are no direct financial implications arising from this report.

6. Legal Implications

- 6.1 As stated above, whilst there is no legal requirement for a Protocol, the Local Government Act 2000 (Constitutions) (England) Direction 2000 sets out the broad themes to be included in a local authority's Constitution, including:

“any protocol established by the authority in respect of relationships between members of the authority and officers of the authority”

7. Human Resource Implications

- 7.1 There are no Human Resources implications arising from this report, albeit the Protocol does set out guidance to officers of the pathway to be followed should any issue arise in their relationship with a councillor.

8. Equality and Diversity Implications

- 8.1 Public authorities are required to have due regard to the aims of the Public Sector Equality Duty (Equality Act 2010) when making decisions and setting policies.
- 8.2 There are no perceived Equality and Diversity implications arising from this report and no Equalities Impact Assessment has been undertaken.

9. Climate Change/Sustainability Implications

- 9.1 There are no Climate Change or Sustainability implications arising from this report.

10. Summary of Options

- 10.1 To approve the adoption of the draft revised Protocol as attached at Appendix 2 (recommended option).
- 10.2 To refer the revised draft Protocol at Appendix 2 back to the Task Group for further consideration.
- 10.3 To reject the revised draft at Appendix 2 and retain the existing Councillor/Officer Protocol at Appendix 1.

11. Conclusion

- 11.1 The Task Group has undertaken a thorough review of the Protocol and has compared and contrasted it to those published by other councils alongside the guidance provided by the Local Government Association to ensure it is comprehensive and follows best practice in order to arrive at the recommended draft at Appendix 2.

12. Background Papers

[Council Minutes, 8 October 2019](#)

[Corporate Governance and Standards Committee Minutes, 19 November 2019](#)

13. Appendices

Appendix 1: Existing Protocol on Officer/Councillor Relations

Appendix 2: Draft Revised Protocol on Officer/Councillor Relations 2020

GUILDFORD BOROUGH COUNCIL

PROTOCOL ON COUNCILLOR/OFFICER RELATIONS

1. Introduction

- 1.1 Elected councillors and paid officers fulfil different but complementary roles. Councillors are the elected representatives of the community and the officers provide the professional advice and support. As stated in the Nolan report, this relationship operates at its best as one of partnership. This protocol seeks to guide councillors and officers in their relations with one another.
- 1.2 The majority of this protocol is a statement of current practice. However, it is hoped that it will ensure that councillors and officers will continue with their respective roles secure in the knowledge that, provided the conditions contained within this protocol are observed, both councillors and officers will be protected from accusations of inappropriate conduct or bias.
- 1.3 The underlying principle of councillor/officer relations will, of course, remain the same, namely that the elected councillors are responsible for agreeing policy and taking all non-delegated decisions; officers are responsible for providing advice and support, for making decisions under delegated authorities and for ensuring that all the Council's decisions are efficiently and professionally carried out.
- 1.4 The protocol is supplementary to the Councillors' Code of Conduct, which councillors undertook to be guided by in their declarations of acceptance of office after election, and Code of Conduct for Staff contained in Part 5 of this Constitution.
- 1.5 In addition to the above, the Widdicombe Committee reported in 1988 in their report of inquiry into the conduct of local authority business that:

“Local Government has derived strength over the years from a complementary relationship between part-time councillors drawn from and representative of the general public, and full-time officers with professional expertise. We accept that this cannot be a rigid or static model. Some councillors will need to devote considerable time to council business, and there has sometimes been too great a stress on officer professionalism. Councillors moreover have the right to ensure that some of their decisions for which they are statutorily responsible and accountable are implemented by officers. Nevertheless, a merging of roles is not desirable. Councillors should leave the day-to-day implementation of council policies, including staff management as far as possible, to officers, and officers should demonstrate that they are sensitive to the political aspirations underlying those policies”.

- 1.6 The Committee on Standards in Public Life, established by the government in 1997 recommended that all councils should adopt a protocol which should set out how the relationship would work and be tailored to each authority's traditions and practices.

2. General rules

- 2.1 It is important that any dealings between councillors and officers should observe high standards of courtesy and neither party should seek to take unfair advantage of their position.

- 2.2 A councillor should not raise matters relating to the conduct or capability of an officer at any public session of a meeting. In the event that any councillor has a complaint concerning an officer's behaviour, conduct or capability and is unable to resolve same through discussions with the officer concerned, they should raise the matter in the first instance with the officer's head of service or director. If after receiving a written report from the head of service or director, a councillor remains concerned, the Managing Director should be advised. In the event that a decision is taken to take action against an officer in respect of a complaint lodged by a councillor, such action shall be conducted in accordance with the Council's disciplinary rules and procedures.
- 2.3 Similarly, officers should not raise matters relating to the conduct or capability of a councillor at any public session of a meeting. Where an officer feels that he/she has not been properly treated by a councillor, they should raise the matter with their head of service, director or the Managing Director, as appropriate. In the event that the member of staff does not feel able to discuss the matter directly with the councillor concerned, the head of service, director or Managing Director will take the appropriate action by approaching the councillor concerned and/or his or her group leader.

3. Officer advice to councillors and groups

- 3.1 Officers serve the Council as a whole and not any individual political group or any individual councillor.
- 3.2 The support provided by officers may involve a briefing meeting prior to an Executive, committee or sub-committee meeting, such support in whatever form it takes, is available to all councillors and all party groups.
- 3.3 There are rules for those who provide advice and support to councillors, such rules relate to both councillors and officers. In particular, the rules comprise:
- (a) Officer advice and support must relate only to matters of Council business and not to advice on political issues. In the event that an officer is of the view that it would be inappropriate to provide the advice and support requested by an individual councillor, he/she may refuse to provide same and will advise their director or the Managing Director as appropriate.
 - (b) Decisions made at party group meetings are not decisions of the Council and must not be treated or acted upon as such by either councillors or officers.
 - (c) Officers should not normally attend formal meetings of political groups.
 - (d) Where a councillor requests information from an officer, that information will not be supplied to any other councillor unless the officer supplying the information states at the time of supplying same that the information in question will be made available to other councillors.
 - (e) It must not be assumed by any group or individual councillor that an officer is supportive of any policy simply because of that officer's assistance in the formulation of same.
 - (f) In the event that any councillor or group requires further information of a factual nature prior to a Council, Executive, committee or sub-committee meeting or

wishes to query any facts contained in an agenda item or report, they should, wherever possible, ask the relevant officer prior to the meeting.

4. Support services to councillors and party groups

- 4.1 The Council provides a number of services to councillors, such as personal computers and IT facilities, stationery, photocopying etc. Such services are provided to assist them in discharging their role as councillors.
- 4.2 In using the Council's IT facilities and, in particular, the internet facility, councillors must comply with relevant Council policies.

5. Councillors' access to information and council documents

- 5.1 Access to accurate and up-to-date information and professional advice is vital to enable councillors to fulfil their elected role effectively. However, access to information and protection of individual and community rights is an increasingly sensitive area, and there is a great deal of legal regulation, both common law and statutory, which governs the rights and restrictions relating to councillors' access to Council-held information. This section attempts to set out the basic principles and rules to enable councillors to operate effectively within the law.
- 5.2 Councillors have a right to approach any head of service to ask for information or seek advice. This right extends only to information, explanation and such advice as they may reasonably need in order to assist them in discharging their role as a councillor. When seeking such advice or information, councillors should normally approach a senior officer of the service concerned or, on particularly sensitive matters, the head of service. In the event of any difficulty, councillors should approach the relevant director or Managing Director.
- 5.3 As indicated in Paragraph 5.1 above, the legal rights of councillors to inspect Council documents are covered partly by statute and partly by common law.
- 5.4 Councillors have a statutory right to inspect any Council documents which contain material relating to any business which is to be transacted at a Council, Executive, committee or sub-committee meeting. Such right applies irrespective of whether the councillor is a member of the body concerned and applies not only to reports which are to be submitted to the meeting in question, but also to any relevant background papers. This statutory right does not, however, apply to documents relating to items which appear within the confidential part of any agenda for a meeting.
- 5.5 There is no 'roving commission' for a councillor to examine books and documents and the common law right of councillors is based on the principle that councillors have a prima facie right to inspect Council documents so far as access to the document in question is reasonably necessary to enable the councillor to perform his/her duties. This is commonly known as "the need to know" principle.
- 5.6 To exercise the common law right, councillors must, therefore, prove a need to know. Officers will always do their best to ensure that councillors are properly informed of significant issues or events affecting their wards or other areas of responsibility. Nevertheless, the requirements of the legislation and, in particular, the Data Protection Act 1998 and the Human Rights Act 1998, make this a difficult area. In matters of concern on this issue, it is for the head of service or service leader which holds the document in question to determine whether an individual councillor has a need to know, and such head of service may seek advice from the Monitoring Officer

in particular cases of difficulty. In the event of dispute relating to a councillor's need to know, the matter will be determined by the Corporate Governance and Standards Committee.

- 5.7 In many cases, a need to know can be presumed. However, where councillors request to see documents containing confidential information, the councillor will be required to justify the request in specific terms. Certain documents will not be available to councillors. These documents may contain information which is covered by statute or may be documents which are in the possession of officers but are likely to be sensitive material, the release of which in the opinion of the officer would be prejudicial to the Council's interests.
- 5.8 Further and more detailed advice regarding councillors' rights to inspect Council documents may be obtained upon request to the Monitoring Officer.
- 5.9 Any Council information provided to a councillor must only be used by the councillor for the purpose for which it was provided (i.e. in connection with the proper performance of the councillors' duties). Attention is drawn to the relevant section of the Councillors' Code of Conduct in Part 5 of this Constitution:

"You must not disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:

- (i) you have the consent of a person authorised to give it;
 - (ii) you are required by law to do so;
 - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
 - (iv) the disclosure is:
 - (a) reasonable and in the public interest; and
 - (b) made in good faith and in compliance with the reasonable requirements of the authority.
- 5.10 Any councillor found to be or suspected of being in breach of the requirement to keep the confidentiality of items taken 'in committee' will be the subject of a report to the Corporate Governance and Standards Committee.

6. Officer/chair/lead councillor relationships

- 6.1 It is obviously important that there should be a close working relationship between the chairman of a committee and the officers who report to or interact with that committee. This will also apply between the Leader, lead councillors on the Executive and the appropriate directors and heads of service. However, such relationships should never be allowed to become so close, or appear to be so close as to bring into question an individual officer's ability to deal impartially with other councillors and other party groups.
- 6.2 The Leader of the Council or the chairman of a committee or sub-committee will naturally be closely involved in the process of formulating an agenda for a meeting,

and such bodies and/or the chairman may of course request that matters are placed on an agenda. In addition, councillors will appreciate that in certain circumstances an officer will be under a professional duty to submit a report. A director, head of service or other senior officer will be responsible for the contents of any report submitted in his/her name and, therefore, any amendment to the report will only be made if such amendment reflects the professional judgement of the author of the report. Any issues arising between a chairman and a senior officer should be referred to the Managing Director for resolution, in consultation with the Council Leader.

- 6.3 A decision on Council business may only be taken by the Council, the Leader/Executive, a committee or sub-committee or a councillor or officer acting pursuant to delegated powers.
- 6.4 Finally, it must be remembered that, while officers may work closely with the Leader, committee chairmen and lead councillors, they are accountable to their head of service, director and the Council and cannot go beyond the bounds of whatever authority they may have been given by their head of service, director or by the Council.

7. Correspondence

- 7.1 Correspondence, including e-mails, between an individual councillor and officer, particularly when it has been initiated by a councillor, should not normally be copied by the officer to any other councillor, unless the councillor who initiated the correspondence copied it to other councillors in which case the officer shall copy his correspondence to those other councillors. In the event that in certain circumstances it proves necessary to copy the correspondence to another councillor, this should be made clear to the original councillor through notation on the correspondence. A system of 'silent copies' should not be employed. Similarly, correspondence sent to all councillors or groups of councillors will make the circulation list clear.
- 7.2 Official letters on behalf of the Council must normally be sent in the name of the appropriate officer rather than in the name of a councillor. Letters which create obligations or give instructions on behalf of the Council must never be sent out in the name of a councillor.

8. Ward councillors

- 8.1 Whenever a public meeting is organised by the Council to consider a local issue, all councillors representing the ward or wards affected should, as a matter of course, be invited to attend the meeting. Similarly, whenever the Council undertakes any form of consultative exercise on a local issue, ward councillors should be notified at the outset of the exercise.
- 8.2 Officers will not normally attend meetings arranged by councillors unless this has been discussed and agreed with the appropriate head of service or director in advance in order that proper representation and briefing can be arranged.
- 8.3 Copies of correspondence to parish councils and amenity groups shall always be sent to local ward councillors, unless the correspondence contains confidential information to which the provisions of Section 5 apply.

9. Conclusion

- 9.1 Both councillors and officers must bear in mind that mutual understanding and basic

Appendix 1

respect are the greatest safeguard of the integrity of the Council, its councillors and officers.

- 9.2 Copies of this protocol will be issued to all councillors, together with any other relevant documentation upon their election to the Council.
- 9.3 Except as specifically provided in this document, questions on interpretation of this protocol will be determined by the Monitoring Officer, unless the provision in question relates to a matter to be determined by the Managing Director.
- 9.4 The Corporate Governance and Standards Committee is responsible for reviewing the practical application of this protocol from time to time and making appropriate suggestions for its improvement and development.

GUILDFORD BOROUGH COUNCIL

PROTOCOL ON COUNCILLOR/OFFICER RELATIONS

1. INTRODUCTION

- 1.1 Mutual understanding and basic respect between councillors and officers are the greatest safeguard of the integrity of the Council.
- 1.2 Copies of this protocol will be issued to all councillors upon their election to the council and to all staff upon their recruitment to the council and included in all induction training and refresher sessions.
- 1.3 Questions on interpretation of this protocol will be determined by the Monitoring Officer in consultation with the Chairman of the Corporate Governance and Standards Committee, unless the provision in question relates to a matter to be determined by the Managing Director, in which case it will be determined in consultation with the Leader of the Council.
- 1.4 The Corporate Governance and Standards Committee will be responsible for reviewing the practical application of this protocol and will make appropriate suggestions for its improvement and development.
- 1.5 The protocol is supplementary to the Councillors' Code of Conduct and Staff Code of Conduct contained in Part 5 of this Constitution.

2. VERSION

This will be an evolving document and in recognition of changes in working practices and the Protocol will be reviewed at least every four years at the same time that council reviews its Councillor Code of Conduct and the Staff Code of Conduct and the Probity in Planning document

3. ROLES

- 3.1 Both councillors and officers serve the public, but their responsibilities are distinct. This protocol seeks to guide councillors and officers in their relations with one another.
- 3.2 Councillors are responsible to the electorate. Their job is to represent their constituents, to agree policy and to take all non-delegated decisions. They serve as long as their term of office lasts.
- 3.3 Officers are responsible for day-to-day managerial and operational decisions within the authority. Their job is to give advice to councillors and the public, to take all delegated decisions and to carry out the council's work in a professional manner.
- 3.4 The role of officers is to seek to assist councillors within the restrictions of their levels of authority and in regard to the rules governing access to information. They also have a role to ensure that councillors are properly informed about information to which they have a right of access. Officers should not use professional expertise to discourage or intimidate councillors from pursuing lines of inquiry. There may be service level agreements set out regarding the timescales for responding to particular queries or referrals from individual councillors. These may vary dependent on the 'level' of a councillor or the topic in question. For example, responses to the leader of the council

or the leader of any political group may need to be given more speedily than a referral from a backbench councillor. Responses to matters of urgency, for example regarding the safeguarding of vulnerable adults or children can require a prompter response due to the immediacy of the issue and the need to take action within a short timeframe. Both officers and councillors have to prioritise their work. When their priorities do not coincide, they should discuss and agree a mutually acceptable timescale for response.

3.5 Officers must not allow their own personal or political opinions to interfere with their work.

4. MUTUAL RESPONSIBILITIES OF COUNCILLORS AND OFFICERS

4.1 To work in partnership.

4.2 To have respect for each other's roles, workloads and pressures.

4.3 To display respect, dignity, courtesy, integrity, mutual support and appropriate confidentiality.

4.4 To undertake training and development in order to carry out their role effectively.

4.5 To not subject the other to bullying or harassment.

4.6 To have a common purpose; providing the best possible service to the residents and other stakeholders of Guildford Borough

4.7 To have a commitment to collaborative, non-adversarial resolution of disputes.

5. RELATIONS WITH STATUTORY OFFICERS

5.1 In reaching their decisions, councillors must have regard to the advice given by officers and in particular, that offered by the:

- a) Chief Finance Officer, whose duties are prescribed under section 114 of the Local Government Finance Act 1988
- b) The Monitoring Officer's duties are set out under section 5 of the Local Government and Housing Act 1989. The Monitoring Officer should be consulted when there is any doubt as to the Council's power to act; or in determining whether any action proposed lies within the policy framework agreed by the Council; or where the legal consequences of action or failure to act by the Council might have important repercussions.
- c) The statutory officers of the Council are the Head of Paid Service (usually the Managing Director), the Monitoring Officer and the Chief Finance Officer (or Section 151 Officer). All have a duty to advise the council as a corporate body. The ability of these officers to discharge their duties depends not only on effective working relations with their councillor colleagues, but also on the flow of information and access to the debating processes of politicians. As such, it is crucial that you have a good working relationship with your statutory officers that are based on a clear understanding of their roles and responsibilities.

6. EFFECTIVE COLLABORATIVE WORKING IS ESSENTIAL

In establishing an effective working relationship, there should be clarity about the respective roles of councillors and officers. This is often made easier if:

- (a) Both parties discuss and agree the values and behaviours they expect from each other in a relationship of mutual trust.
- (b) Councillors identify their priorities, assisted by officers.
- (c) Officers provide clear advice and offer alternative courses of action where they exist-
- (d) Councillors and officers communicate clearly and openly, avoiding ambiguity and the risk of misunderstanding
- (e) Everyone works in a spirit of partnership, to turn the council's core values and priorities into practical policies for implementation.
- (f) While councillors and officers may have their own specific roles and responsibilities, there are clearly some grey areas in which both groups have a shared responsibility, e.g. agreeing workable policies and monitoring performance. In addition to this, councillors and officers both face the same public service agenda, i.e. delivering quality services to local people in a climate of tough challenges and constraints (budgets and timescales).

7. GENERAL RULES

- 7.1 All dealings between councillors and officers will be courteous and neither party will seek to take unfair advantage of their position.
- 7.2 A councillor will not raise matters relating to the conduct or capability of an officer at any public session of a meeting.
- 7.3 If a councillor has a concern regarding an officer's conduct or behaviour that is not resolved through respectful mutual discussion then they may raise the matter with the officer's service leader or director.
- 7.4 If after receiving a written report from the service leader or director, a councillor remains concerned, the Managing Director will be advised.
- 7.5 Should any further action with regard to an officer's conduct or behaviour be undertaken, it will be in accordance with the appropriate employment rules and procedures.
- 7.6 An officer will not raise matters relating to the conduct or capability of a councillor at any public session of a meeting.
- 7.7 If an officer has a concern regarding a councillor's conduct or behaviour that is not resolved through respectful mutual discussion then they may raise the matter with their service leader, director or the Managing Director.
- 7.8 The service leader, director or Managing Director will take the appropriate action by approaching the councillor concerned and/or his or her group leader.

- 7.9 Officers should endeavour to provide councillors with sufficient notice of meetings to allow them to prepare and balance their diaries and commitments

8. OFFICER ADVICE TO COUNCILLORS AND POLITICAL GROUPS¹

- 8.1 Officers serve the council as a whole and not any individual political group or any individual councillor.

- 8.2 An officer briefing meeting prior to a committee meeting or such support in whatever form it takes will be available to all councillors and all party groups.

- 8.3 The rules for providing advice to councillors include:

- (a) Officer advice and support must relate only to matters of council business and never include advice on political issues.
- (b) Officers may refuse to provide advice to a councillor/group until guidance has been sought from their director or the Managing Director if that advice might be considered inappropriate.
- (c) Decisions made at party group meetings are not decisions of the Council and must not be treated or acted upon as such by either councillors or officers.
- (d) Officers should not normally attend formal meetings of political groups.
- (e) If a councillor requests information from an officer, the officer will inform the councillor at the time if that information is to be made available to any other councillors.
- (f) Councillors should not consider an officer supportive of a policy because they have helped to construct it
- (g) Councillors should contact report authors for any further information in advance of a committee meeting

- 8.4 Officer correspondence to parish councils and amenity groups will be copied to local ward councillors, unless the correspondence contains confidential information to which the provisions of Data Protection Act 2018 apply.

9. SUPPORT SERVICES TO COUNCILLORS AND POLITICAL GROUPS

- 9.1 Support services will be provided to assist councillors only in discharging their role as councillors.

- 9.2 Councillors will ensure they are up to date with and in compliance with all council policies in respect of IT, information security and data protection.

¹ What is a Political Group?

Councillors can form political groups and the largest group, or a combination of groups, usually forms an administration to provide the political leadership for the authority. There is statutory recognition for political groups, and it is common practice for such groups to give preliminary consideration to matters of Council business in advance of consideration by the relevant Council body.

10. COUNCILLORS' ACCESS TO INFORMATION AND COUNCIL DOCUMENTS

Cooperation between Councillors and Officers is vital to ensure a good service to the public. A free flow of information between Officers and Councillors is an essential part of this cooperation.

- 10.1 All confidential information held by the Council, in whatever form, remains confidential to the council and subject to the requirements of the Data Protection regulations, unless and until such confidentiality is waived by the Monitoring Officer. Any dispute will be determined by the Monitoring Officer
- 10.2 Officers and elected Members are responsible for ensuring that personal information and data is only handled and processed in accordance with the provisions of the Data Protection Act 2018 and to familiarise themselves with their obligations under the 2018 Act accordingly.
- 10.3 Officers and councillors who require advice or assistance in relation to their duties under the Data Protection Act 2018 should take advice from the Monitoring Officer or the Information Rights Officer as appropriate.
- 10.4 Councillors can approach any service leader to ask for information or seek advice. In the event of any difficulty, councillors should approach the relevant director or the Managing Director.
- 10.5 All councillors have a statutory right to inspect any council documents² which contain material relating to any business which is to be transacted at a Council, Executive, committee or sub-committee meeting.
- 10.6 The over-riding principle is that Councillors should be given access to all documents², unless there is a justifiable reason for refusal. This reason must be clearly explained. Councillors wishing to view confidential information will be required to justify the request in specific terms.
- 10.7 Councillor access to council documents² is a common law right in so far as access to the document in question is reasonably necessary to enable the councillor to perform their duties. This is commonly known as "the need to know" principle. Where information is being withheld the service leader will advise the councillor why it is being withheld.
- 10.8 In case of difficulty, the service leader or councillor may seek the advice of the Monitoring Officer.
- 10.9 Members should be kept fully informed and consulted by Officers on all significant matters affecting their Ward or other area of responsibility. If a matter is urgent or sensitive, Officers must ensure Members are made aware as soon as reasonably possible and before the matter is made public.
- 10.10 All information permitted to a councillor will be provided under the terms of the Councillors' Code of Conduct and must be provided only for the reason requested and will not be shared except under terms set out in the Code.

² Council documents in whatever format

- 10.11 Any councillor found to be or suspected of being in breach of the requirement to keep the confidentiality of items taken 'in committee' may be the subject of a Code of Conduct complaint.

11. COUNCILLOR/OFFICER RELATIONSHIPS

- 11.1 Working relationships between councillors and officers must always remain and appear professional and impartial.
- 11.2 A director will be responsible for the contents of a report. Councillor queries about report contents will be addressed to the report author. Issues arising between a councillor and a report author will be referred to the appropriate director. If unresolved the matter will pass to the Managing Director for resolution, in consultation with the Council Leader.
- 11.3 Officers work closely with councillors, but they are accountable to their service leader or director and cannot go beyond the bounds of whatever authority they may have been given by their service leader, director or by the Council.
- 11.4 It is appropriate for members of the Overview and Scrutiny Committee to ask officers to explain and justify advice given to councillors, whether on the Executive or otherwise, and to justify decisions officers have taken under delegated powers.
- 11.5 Where requested to provide information to the Overview and Scrutiny Committee, officers will provide that information in as a comprehensive and timely fashion as if the request had come from the Executive.

12. CORRESPONDENCE

- 12.1 Correspondence between a councillor and an officer, will not be copied by the officer to any other councillor, unless the councillor who initiated the correspondence copied it to other councillors in which case the officer shall copy his correspondence to those other councillors.
- 12.2 If it is necessary to copy correspondence to another councillor, this should be made clear to the original councillor through notation on the correspondence.
- 12.3 A system of 'silent copies' (Bcc) should never be employed. Correspondence sent to all councillors or groups of councillors will make the circulation list clear.
- 12.4 Official letters on behalf of the Council will be sent in the name of the appropriate officer rather than in the name of a councillor. Letters which create obligations or give instructions on behalf of the Council will never be sent out in the name of a councillor.
- 12.5 Councillors and officers will undertake training in the principles of the General Data Protection Regulation and will apply those principles when producing and storing personal information.

13. WARD COUNCILLORS

- 13.1 Whenever a significant meeting is organised by the Council to consider a local issue, all councillors representing the ward or wards affected should, as a matter of course, be invited to attend the meeting. Similarly, whenever the Council undertakes any form

of consultative exercise on a local issue, ward councillors will be notified at the outset of the exercise.

- 13.2 Officers will not normally attend meetings arranged by councillors unless this has been discussed and agreed with the appropriate service leader or director in advance in order that proper representation and briefing can be arranged.

14. CEREMONIAL EVENTS

- 14.1 The Mayor, or in his/her absence the Deputy Mayor, will be the appropriate person to lead/ represent the Council at ceremonial events which are of particular significance or are not specifically associated with the office of the Leader, a particular Portfolio/ Committee/Sub-Committee.
- 14.2 Local Councillors should always be informed of, and, where possible, invited to ceremonial events taking place within their own Wards.
- 14.3 Any Councillor taking part in a ceremonial event must not seek disproportionate personal publicity nor use the occasion for party political advantage bearing in mind that the Councillor is representing the Council as a whole.
- 14.4 Further guidance is contained in the Communications Handbook/ Media guidelines

15. ROLES OF COUNCILLORS AND TRAINING REQUIREMENTS

- 15.1 Councillors are asked to commit to the Training and Development opportunities that are afforded to elected Councillors, including a full Induction Programme at the commencement of each term of office. There are also mandatory training requirements for the Regulatory Committees (Planning and Licensing) to which Councillors, appointed to serve on these Committees, are required to commit.

16. INDEPENDENT / CO-OPTED PERSONS

- 16.1 This protocol applies equally to those persons who are co-opted on to any of the Council's committees or any other bodies.

17. ACCESS TO OFFICERS

- 17.1 Officers will always be available to ward councillors to discuss any issues of concern in their ward or area of responsibility.
- 17.2 With the Council-wide use of e-mail, Councillors should seek to avoid, as far as possible, entering an Officer's work area and requiring immediate attention. Where an urgent response is required, the Councillor should seek to telephone the Officer and if required, arrange a convenient meeting.
- 17.3 Ward councillors are encouraged to contact relevant officers in advance of committee meetings to discuss any concerns.

18. UNDUE PRESSURE

- 18.1 To ensure that the business of the Council is carried out effectively, Councillors and Officers should endeavour to create a cordial working relationship with each other.

Councillors should:

- Be aware of how they speak with and relate to officers, avoiding undue pressure;
- Avoid personal attacks on officers, particularly in publications, press statements or meetings attended by the public;
- Avoid words or actions which could undermine respect for officers by the public;
- Never require an officer to carry out work on a matter which is not justified in terms of budgetary controls, council policy or the officer's duties and responsibilities

Officers should:

- Be aware of how they speak with and relate to Councillors;
- Remember at all times that they work in a political environment;
- Any Officer who is personally connected to a Councillor must notify his/her Director. Officers must not use undue influence over a Councillor, nor develop close personal friendships that could compromise or be perceived to compromise the integrity of their actions.

SUMMARY

The working relationship between councillors and officers is integral to the successful operation of an effective local authority. Politicians and managers have vital roles to play in providing a form of joint leadership which is based on shared knowledge, skills and experience. And at the heart of this relationship should be a common vision, shared values and mutual respect.

Council Report

Ward(s) affected: all

Report of Director of Resources

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Date: 6 October 2020

Executive Advisory Boards (EABs) – Review of Structure and Remit

Executive Summary

Further to an officer review of the effectiveness of Executive Advisory Boards (EABs) which took place in the latter part of 2018-19, recommendations were made in respect of reconfiguring the EABs and introducing measures to strengthen the Forward Plan process. In response to these recommendations, the Council resolved to establish a councillor task and finish group to consider the recommendations and report its findings to the EABs and Council before any related decisions were made.

Having considered the group's subsequent findings, Council made some resolutions concerning work programming, the Forward Plan and the configuration of EABs. The most notable resolutions were that the existing arrangement of the two EABs be retained for the time being, whilst the Forward Plan process was strengthened pending review following the Borough Council Elections in May 2019 to ascertain whether changes to the Forward Plan process and/or EAB structure were required. This review was to be carried out within 12 months of the Elections.

As this 12-month period has elapsed, the second phase of the review is now in train and the EABs combined to meet as the Joint EAB on 9 July 2020 to consider the future structure and remit of EABs. The Joint EAB's recommendations (1) to (7) below were considered initially by the Executive on 22 September and then by the Corporate Governance and Standards Committee on 24 September. Both have commended the recommendations for adoption by the Council at this meeting.

Recommendations to the Council:

- (1) That the concept of retaining two EABs, each meeting on alternate months with the flexibility to have a balanced inter-changeable remit as appropriate to the agenda items, without the risk of losing topic continuity and expertise, and possibly ahead of Executive meetings to offer a pre-decision opportunity to make

recommendations, be agreed.

- (2) That the remit of EABs be realigned to reflect the Executive portfolios and Directorates of the Council and that, accordingly, the Place-Making and Innovation EAB be renamed as the Strategy and Resources EAB and the Community EAB be renamed the Service Delivery EAB.
- (3) That the existing Joint EAB arrangement be continued and implemented when significant and wide-ranging agenda items, such as budgetary matters, are under consideration.
- (4) That closer two-way working between the Executive and EABs, including an expectation that relevant Lead Councillors (or other Executive members in the absence of the relevant Lead Councillor) proactively attend EAB meetings and EAB Chairmen and / or Vice-Chairmen attend Executive meetings to elaborate on advice given and to receive feedback, be established and adopted.
- (5) That a clear formalised procedure of reporting EAB advice and views to the Executive and EABs receiving Executive feedback be adopted.
- (6) That, in addition to exploring relevant Forward Plan items and Corporate Plan priorities, the EABs have free range to select their own review topics on which to advise the Executive, including the establishment of task groups where considered necessary (and subject to available resources).
- (7) That the EABs receive items sufficiently in advance of determination by the Executive in order to have the opportunity to advise on, and influence, its decisions from a broader knowledge base.
- (8) That the Democratic Services and Elections Manager be authorised to make appropriate amendments to the Constitution to give effect to the above recommendations.

Reason for Recommendation:

To introduce a more efficient and effective EAB configuration and contribution.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 The purpose of this report is to invite the Council to consider the recommendations arising from the Joint EAB's consideration of future options for the configuration and remit of EABs. This was the second stage to an earlier review which took place during the latter part of 2018-19 and in response to previous feedback from the Local Government Association (LGA) corporate peer challenge review of December 2017 and the Council's governance reviews of recent years.

2. Background

- 2.1 The Council report of 9 October 2018, attached at Appendix 1 to this report, explains that, following a review of governance arrangements, on 7 October 2015 the Council

agreed a new hybrid approach featuring the addition of two EABs to advise and make recommendations to the Leader and Executive. This system was implemented with effect from 1 January 2016 with the recommendation that the arrangements be reviewed approximately 12 months after implementation. This 12-month review took place in the form of a seminar on 1 March 2017 to which all Councillors were invited. Having concluded that the new arrangements were at an early stage and were beginning to embed, the review reinforced the role of the EABs in advising the Executive at an early stage in respect of the formulation and development of policies and projects that would assist with the delivery of the Council's Corporate Plan priorities.

- 2.2 The LGA subsequently undertook a corporate peer challenge review of the Council and, although its final feedback report (relevant extract included in Appendix 1) contained no specific recommendations relating to organisational governance, it suggested that EABs were a work in progress and perhaps required additional time to settle into a more effective grouping whilst valuing the early stage involvement of backbench councillors in the development of decisions aligned to Corporate Plan themes. The LGA suggested that the Council should clarify the role of EABs and review ways to make their work more effective.
- 2.3 Further peer challenge review feedback observed that it was important for the Council to review ways to make the work of EABs more effective. Therefore consideration has been given to achieving this taking account of issues including difficulties with work programming, confusion around the remit of the EABs which can be blurred and overlapping, cancellation of meetings due to apparent insufficient business due to slippage and reluctance to discuss some matters at an early stage of development in a public forum. This consideration has indicated that a robust approach to programming Executive Forward Plan items to build in early opportunities for EAB input is beneficial.
- 2.4 Although the EABs have been structured around and aligned to the key themes in the Corporate Plan, the intended 2019-20 review of the Corporate Plan was delayed for approximately 18 months owing to attention and resources being diverted to the preparation and implementation of a shorter term action plan directing the response to, and recovery from, the Coronavirus pandemic emergency.
- 2.5 The first stage of the review of EABs, outlined in Appendix 1, suggested three possible options for their future structure, which are set out below, and recommended that option 1 be adopted as it offered the greatest flexibility, would solve the issues of insufficient business for two EABs and confusion as to which one to report to, and would also streamline the work programming system. The Corporate Governance and Standards Committee was broadly in agreement with the recommendation to pursue option 1 when it considered the outcome of this stage of the review at its meeting held on 20 September 2018.

Options:

1. To disband the existing EABs and establish one overarching EAB making greater use of existing powers to establish task groups to look at specific issues and projects relating to the delivery of the nine strategic Corporate Plan priorities.
2. To disband the existing EABs and establish topic based advisory boards to be commissioned directly by the Executive as and when required.

3. To make no change to the current arrangements.
- 2.6 Having considered the options, the Council resolved that, before any decision was taken in respect of the future of the EABs, a cross party task and finish group be established with the following terms of reference:
- a) to review the existing governance arrangements in relation to the Executive Advisory Boards and to discuss available options to improve those arrangements, including the proposal for a single Executive Advisory Board; and following that review
 - b) to make recommendations as appropriate to the Council at its meeting in February 2019.
- 2.7 Accordingly, a cross party task and finish group was established to consider the future of the EABs, and agreed to report its views to the two EABs and to make recommendations to the Council in February 2019.
- 2.8 In considering the task and finish group's report, the Council noted that its principal finding was that the Forward Plan process was at that time insufficiently robust to facilitate and inform EAB or Overview and Scrutiny input as many proposed decisions were entered late which hampered work programming and early involvement. However, officers have sought to strengthen this process and issues with forward planning and updating the Forward Plan were being tackled through educating senior leaders and others to plan ahead and programme their work in a more timely fashion.
- 2.9 It was suggested that resolving issues with the Forward Plan could possibly resolve the issues associated with the perceived lack of effectiveness of the EABs.
- 2.10 After consideration of the report the Council, on 26 February 2019, passed the following resolutions:
- (1) That Option 2: "*To disband the existing EABs and establish topic based advisory boards to be commissioned directly by the Executive as and when required*" be not supported and discounted as a possible future EAB governance structure.
 - (2) That the existing arrangement of the two EABs be retained for the time being whilst the Forward Plan process is strengthened pending review following the Borough Council Elections in May 2019 to ascertain whether changes to the Forward Plan process and/or EAB structure are required.
 - (3) That the review referred to in paragraph (2) above be carried out within 12 months of the Borough Council Elections.
 - (4) That the Forward Plan be included on future EAB agendas as part of the standing item on the Work Programme to facilitate better agenda planning.
 - (5) That lead councillors do not play a part in determining the Overview and Scrutiny Committee work programme at work programme meetings.

3. Second Phase of the Review

3.1 The matters referred to in resolutions 1,4 and 5 above have been adhered to and implemented, as appropriate. The second phase of the review, to be carried out within a 12-month period, referred to in resolutions 2 and 3 above, is now in train and the EABs combined to meet as the Joint EAB on 9 July 2020 to consider the future structure and remit of EABs. In order to inform the Joint EAB's deliberations, councillors' views in respect of the current effectiveness and efficiency of EABs and possible improvements to pave the way forward, were sought via a brief questionnaire which was prepared and circulated for responses. The questions and summarised responses are attached at **Appendix 3**.

3.2 Arising from the Joint EAB's considerations, the following recommendations to the Executive, the Corporate Governance and Standards Committee and the Council were agreed:

- (1) the concept of retaining two EABs, each meeting on alternate months with the flexibility to have a balanced inter-changeable remit as appropriate to the agenda items, without the risk of losing topic continuity and expertise, and possibly ahead of Executive meetings to offer a pre-decision opportunity, be pursued;
- (2) the remit of EABs be realigned to reflect the Executive portfolios and Directorates of the Council and renamed accordingly;

NB: Although the Joint EAB did not recommend names for the realigned EABs, officers are suggesting that the Place-Making and Innovation EAB be renamed as the Strategy and Resources EAB and the Community EAB be renamed the Service Delivery EAB.

- (3) the existing Joint EAB arrangement be continued and implemented when significant and wide-ranging agenda items, such as budgetary matters, are under consideration;
- (4) closer two-way working between the Executive and EABs, including an expectation that relevant Lead Councillors (or other Executive members in the absence of the relevant Lead Councillor) proactively attend EAB meetings and EAB Chairmen and / or Vice-Chairmen attend Executive meetings to elaborate on advice given and to receive feedback, be established and adopted;
- (5) a clear formalised procedure of reporting EAB advice and views to the Executive and EABs receiving Executive feedback be adopted;
- (6) in addition to exploring relevant Forward Plan items and Corporate Plan priorities, the EABs have free range to select their own review topics on which to advise the Executive, including the establishment of task groups where considered necessary (and subject to available resources); and
- (7) the EABs to receive items sufficiently in advance of determination by the Executive in order to have the opportunity to advise on, and influence, its decisions from a broader knowledge base.

- 3.3 This report and the above recommendations were considered by the Executive and the Corporate Governance and Standards Committee at their meetings held on 22 and 24 September 2020, respectively, and both have commended the adoption of the recommendations by the Council.
- 3.4 If the Council approves the first recommendation relating to the timing of EAB meetings, officers will seek to implement the changes in the current municipal year with effect from November 2020. The report on the proposed timetable of Council and Committee meetings for the 2021-22 municipal year, which this year will be presented to the Council at its December meeting, will also take into account any changes agreed to the timing of EAB meetings.

4. Legal implications

- 4.1 Section 102 (4) of the Local Government Act 1972 empowers, but does not mandate, the Council to appoint committees to advise the Executive on any matter relating to the discharge of its functions. Executive Advisory Boards are an example of such committees and were appointed, as their name suggests, specifically for this purpose.

5. Financial implications

- 5.1 There are no significant financial implications arising from this report.

6. Human Resource implications

- 6.1 It is envisaged that any changes arising from this review can be accommodated within existing staff resources.

7. Risk Management Implications

- 7.1 There are no significant risk management implications arising from this report.

8. Climate Change/Sustainability Implications

- 8.1 There are no climate change/sustainability implications arising from this report.

9. Summary of Options

- 9.1 The Council could decide to leave the current EAB configuration unchanged, follow the recommendations suggested by the Joint EAB, and endorsed by the Executive and Corporate Governance and Standards Committee, or pursue an alternative option.

10. Conclusion

- 10.1 On 9 July 2020 the Joint EAB met to pursue the second phase of the review of the effectiveness and efficiency of EABs giving thought to possible future configurations that may secure improvements and to make appropriate recommendations to the Executive, the Corporate Governance and Standards Committee and the Council. The outcome of the consideration of these recommendations is now awaited to enable possible new EAB

arrangements to be put in place with a view to introducing a more efficient and effective EAB configuration and contribution.

11. Background Papers

- [LGA Corporate Peer Challenge of Guildford Borough Council dated 5 February 2018](#)
- [Guildford Borough Corporate Plan 2018-2023](#)
- [Review of Governance Arrangements: 12 Month Review – Council report and minutes of 25 July 2017](#)
- [Review of Governance Arrangements – Council report and minutes of 7 October 2015](#)
- [Review of Governance Arrangements – Council report and minutes of 28 July 2015](#)

12. Appendices

Appendix 1: Report to Council on 9 October 2018 - Executive Advisory Boards – Proposed Review of Structure and Remit.

Appendix 2: Terms of Reference of the current Executive Advisory Boards and the Overview and Scrutiny Committee.

Appendix 3: Summary of the councillor questionnaire questions and responses.

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Council Report

Ward(s) affected: all

Report of Director of Finance

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Date: 9 October 2018

Executive Advisory Boards – Proposed Review of Structure and Remit

Executive Summary

The remit of each Executive Advisory Board (EAB) is aligned to themes in the Council's Corporate Plan and set out in their Terms of Reference. As reported at the Selection meeting of Council held on 15 May 2018, it was necessary to review the remits of the EABs to reflect the three themes of Place-Making, Community and Innovation, which form the newly adopted Corporate Plan 2018-2023 and differ from those in the previous Corporate Plan. Accordingly, on 24 July 2018, the Council considered a report which suggested changes to the names and remits of the EABs. As a result the Council agreed that the Borough, Economy and Infrastructure EAB be renamed the Place-making and Innovation EAB and the Society, Environment and Council Development EAB be renamed the Community EAB. The Terms of Reference of the EABs were amended to reflect the changes.

The report also advised that officers would be drawing together options, including the merits of a single EAB going forward, for consideration by the Council at this meeting in the light of feedback from the Local Government Association (LGA) corporate peer review in December 2017 and the Council's governance reviews in recent years.

The proposals in this report were considered by the Corporate Governance and Standards Committee at its meeting on 20 September 2018. The Committee was broadly in agreement with the recommendation below.

Recommendation to Council:

That, with immediate effect, the Council agrees:

- (1) to disband the two existing Executive Advisory Boards;
- (2) to establish a single Executive Advisory Board (to be named "Executive Advisory Board"), comprising 15 councillors, with up to seven substitute members per

political group;

- (3) to elect a chairman and vice-chairman of the Executive Advisory Group for the remainder of the 2018-19 municipal year;
- (4) to approve the Terms of Reference of the Executive Advisory Board, as set out in Annex 1 to this report; and
- (5) to adopt the timetable of meetings of the Executive Advisory Board for the remainder of the 2018-19 municipal year, and the 2019-20 municipal year, as shown in Annex 2 to this report.

Reason for Recommendation:

To introduce a more efficient and effective EAB configuration.

1. Purpose of Report

- 1.1 The purpose of this report is to invite the Council to consider future options for the configuration of EABs in response to the feedback from the LGA corporate peer challenge review of December 2017 and to follow on from the Council's governance reviews of recent years.

2. Background

- 2.1 Following a review of governance arrangements, on 7 October 2015 the Council agreed a new hybrid approach featuring the addition of two EABs to advise and make recommendations to the Leader and Executive. This system was implemented with effect from 1 January 2016 with the recommendation that the arrangements would be reviewed after a twelve-month period of operation. This twelve-month review took place in the form of a seminar on 1 March 2017 to which all Councillors were invited. Having concluded that the new arrangements were at an early stage and were beginning to embed, the review reinforced the role of the EABs in advising the Executive at an early stage in respect of the formulation and development of policies and projects that would assist with the delivery of Corporate Plan priorities.
- 2.2 From 4 to 6 December 2017, the LGA undertook a corporate peer challenge review of the Council and submitted its final feedback report on 5 February 2018. Although the report contained no specific recommendations relating to organisational governance, there was feedback in this area regarding the Overview and Scrutiny function and the operation of the EABs. The relevant extract from the feedback report concerning the EABs is as follows:

'The recent introduction of Executive Advisory Boards (EABs) is clearly work in progress and perhaps needs more time to settle down into a more effective grouping. The aim of allowing early stage involvement on backbench councillors in the development of decisions aligned to corporate plan themes pre-Executive is laudable. However, we found some confusion among councillors and officers about the role of EABs. It will be important for the Council to review ways to make their work more effective. This is important as the areas covered by the EABs such as innovation and housing are vitally important for the future of the Borough. Given

councillor appetite for smaller task and finish groups, perhaps topic based Advisory Boards may be a way forward.'

- 2.3 A key recommendation of the challenge review was to review the Council's Corporate Plan and identify a deliverable number of priorities. This has now taken place and a revised Corporate Plan 2018-2023 was adopted by the Council on 15 May 2018 when Councillors acknowledged that it would be necessary to review the remits of the EABs to reflect the three fundamental themes of Place-Making, Community and Innovation which underpinned the newly adopted Corporate Plan and differed from those in the previous iteration of the Plan. On 24 July 2018, the Council agreed revised names and remits for the EABs and established the Place-Making and Innovation EAB, in place of the Borough, Economy, and Infrastructure EAB, and the Community EAB, in place of the Society, Environment, and Council Development EAB, following the most logical approach to aligning the remit of the two EABs with the three new fundamental themes in the revised Corporate Plan. The Terms of Reference of the EABs was changed to reflect the amended names and remits.
- 2.4 Further to the peer challenge review feedback that it was important for the Council to review ways to make the work of EABs more effective, consideration has been given to achieving this. This has taken account of issues including difficulties with work programming, confusion around the remit of the EABs which can be blurred and overlapping, cancellation of meetings due to insufficient business and reluctance to discuss some matters at an early stage of development in a public forum.

3. Proposal

- 3.1 Resulting from this review to identify ways to make the work of EABs more effective, options for future EAB configurations have been identified and are set out below for consideration:

Options:

1. To disband the existing EABs and establish one overarching EAB making greater use of existing powers to establish task groups to look at specific issues and projects relating to the delivery of the nine strategic Corporate Plan priorities.
 2. To disband the existing EABs and establish topic based advisory boards to be commissioned directly by the Executive as and when required.
 3. To make no change to the current arrangements.
- 3.2 Option 1 is recommended as it gives the greatest flexibility by offering a formal Board meeting setting, with the capability of establishing informal task groups, which may meet in private, meeting councillor appetite for smaller, discrete, working groups. A single EAB would solve the issues of insufficient business for two EABs and confusion as to which one to report to. This approach would also streamline the work programming system. Reference to key or significant Executive decisions as set out in the Forward Plan, except those that are urgent, would continue to inform work programming. However, it is also suggested that a key element of the EAB work programme should include discussion of selected capital projects between provisional budget approval by

full Council and submission of reports to the Executive with a business case for final approval to transfer schemes to the approved capital programme.

- 3.3 The Director of Finance has amended the bid for funding form to include possible referral of schemes to the EAB before final consideration by the Executive as one of the key milestones to securing scheme approval. This should ensure that backbench councillors have a greater say in respect of major project sign-off.
- 3.4 Should Option 1 be supported, consideration will need to be given to the single EAB's Terms of Reference, membership, and frequency and scheduling of meetings. Suggested Terms of Reference are set out at Annex 1, which state that the EAB should have a membership of 15 non-executive councillors and meet on up to 10 occasions per annum.
- 3.5 Details of the proposed calculation of the numerical allocation of seats to political groups on the EAB will be dealt with in a separate report to full Council on 9 October 2018. The nominations for appointment of members (and substitute members) to the EAB in accordance with the wishes of the relevant political groups, in respect of the remainder of the 2018-19 municipal year, will be shown on a schedule to be submitted to the Council for approval on 9 October 2018. The Council will also be invited to elect a Chairman and Vice-Chairman of the EAB for the remainder of the 2018-19 Municipal Year.
- 3.6 A proposed timetable of meetings for the EAB for the remainder of 2018-19 and the whole of 2019-20 is set out in Annex 2 to this report.

4. Corporate Governance and Standards Committee – 20 September 2018

- 4.1 The proposals in this report were considered by the Corporate Governance and Standards Committee at its meeting on 20 September 2018. The Committee was broadly in agreement with the recommendation in this report.

5. Legal implications

- 5.1 There are no significant legal implications arising from this proposal.

6. Financial implications

- 6.1 Reducing the number of EABs from two to one will lead to a corresponding reduction in the number of chairmen resulting in a Tier 4 Special Responsibility Allowance (SRA) saving. This SRA is currently £3,432 per annum.
- 6.2 There are no significant financial implications arising from this report.

7. Human Resource implications

- 7.1 The changes envisaged under these proposals can be accommodated within existing staff resources.

8. Risk Management Implications

- 8.1 There are no significant risk management implications arising from this report.

9. Summary of Options

- 9.1 The Council could decide to leave the current EAB configuration unchanged or opt for an alternative Option. It is recommended, however, that Option 1 be adopted.

10. Conclusion

- 10.1 Pursuing Option 1 to disband the two existing EABs and establish one overarching EAB, making greater use of task groups to assist in the delivery of Corporate Plan priorities will address concerns previously raised as to the efficiency and effectiveness of the operation of the EABs.

11. Background Papers

- LGA Corporate Peer Challenge of Guildford Borough Council dated 5 February 2018
- Guildford Borough Corporate Plan 2018-2023
- Review of Governance Arrangements: 12 Month Review – Council report and minutes of 25 July 2017
- Review of Governance Arrangements – Council report and minutes of 7 October 2015
- Review of Governance Arrangements – Council report and minutes of 28 July 2015

12. Annexes

Annex 1: Proposed terms of Reference of the single EAB.

Annex 2: Timetable of EAB meetings for the remainder of the 2018-19 municipal year and the 2019-20 municipal year.

EXECUTIVE ADVISORY BOARD

TERMS OF REFERENCE

The Executive Advisory Board will consider reports on matters relating to the functions of the Executive. The remit of the Executive Advisory Board shall be aligned to the fundamental themes in the Corporate Plan 2018-2023. These terms of reference will be reviewed and approved at the Council's Selection meeting each year. The Executive Advisory Board will meet in public, be webcast, and be subject to Part C of the Council Procedure Rules, Public Speaking Procedure Rules and Access to Information Procedure Rules in Part 4 of the Constitution.

Membership:

- (a) The Executive Advisory Board shall comprise 15 non-executive councillors, one of whom shall be appointed by the Council as chairman, with normal voting rights.
- (b) The Council shall appoint a vice-chairman for the Executive Advisory Board.
- (c) Political proportionality rules will apply.
- (d) Substitutes will be allowed in respect of the Executive Advisory Board in accordance with the relevant provisions of Council Procedure Rules, and the Council may appoint up to seven substitute members for each political group.

Meetings:

- (a) The Executive Advisory Board shall normally meet up to ten times annually.
- (b) Relevant Executive members will be expected to attend Executive Advisory Board meetings and should normally present matters (with officer support) for discussion at meetings and engage actively in a dialogue with the Executive Advisory Board regarding those matters.
- (c) The quorum of the Executive Advisory Board will be five.

Responsibilities:

The Executive Advisory Board will have the following general responsibilities within its remit:

- (a) To advise the Executive at an early stage, including undertaking research, in respect of the formulation and development of policies and projects that will help to deliver Corporate Plan Priorities.
- (b) To consider and (where necessary) make recommendations to the Executive on the following:
 - (i) selected Key (or other significant) Decisions, and
 - (ii) selected major capital schemes at the point between provisional budget approval by full Council and submission of reports to the Executive with a business case for final approval to transfer schemes to the approved capital programme.
- (c) To assist and advise the Executive in the development of Policy Framework issues.
- (d) To assist and advise the Executive as regards budget preparation.
- (e) To develop and maintain a work programme ensuring that there is efficient use of its time.

Powers:

The Executive Advisory Board will have the power:

- (a) To require the Leader and/or lead councillors and officers to attend before it to answer questions.
- (b) To question and gather evidence from any person (with their consent).
- (c) To co-opt expert individuals on a non-voting basis to assist their work.
- (d) To set up panels, task groups or breakout groups to look at specific issues relating to the delivery of the Corporate Plan (or other significant priorities) in order to inform decision making by the Executive. For the avoidance of doubt, the membership of such panels and groups shall be open to all councillors.

Protocol for the operation of the Executive Advisory Board:

- (1) The Executive Advisory Board is advisory in nature and does not have any substantive decision-making powers delegated to it. The Executive Advisory Board is to act as a source of advice to the Executive.
- (2) The Executive Advisory Board will enable greater involvement and engagement of councillors and the public in significant Executive decisions.
- (3) The Executive Advisory Board will advise the Executive at an early stage about the formulation and development of policies and projects that will help deliver Corporate Plan priorities. The Executive Advisory Board is intended to enable backbench councillors to be more closely involved with issues of greatest importance to the Council.
- (4) The chairman and vice-chairman of the Executive Advisory Board will meet regularly to identify priorities and prepare a draft work programme for consideration and approval by the Executive Advisory Board and, as part of this process, will take into account the forthcoming key or significant Executive decisions set out in the Forward Plan, Corporate Plan priorities and major capital projects. Subject to paragraph (5) below, those matters identified in the agreed work programme will be considered by the Executive Advisory Board in detail.
- (5) When considering an Executive decision, the Executive Advisory Board will aim to do so at a time when it is still open to influence, that is to say, when there is an expectation that a recommendation or suggestion for improvement could realistically lead to change.
- (6) The Executive Advisory Board will determine their final recommendations to the Executive by consensus if at all possible.
- (7) The advice of the Executive Advisory Board to the Executive, including explanation for any recommendations, will be contained within a report considered by the Executive. The justification for not accepting advice from the Executive Advisory Board is to be made clear in the options considered by the Executive.
- (8) Membership of both the Executive Advisory Board and the Overview and Scrutiny Committee does not inevitably create a conflict of interest. As a rule, councillors should not be involved in scrutinising a decision in which they have been involved directly; yet, the Executive Advisory Board is advisory and it remains the responsibility of the Executive to formally take and implement the decision.

**TIMETABLE OF MEETINGS OF THE EXECUTIVE ADVISORY BOARD FOR
THE REMAINDER OF THE 2018-19 MUNICIPAL YEAR**

MEETING	PROPOSED DAY AND TIME	2018								2019				
		M A Y	J U N	J U L	A U G	S E P	O C T	N O V	D E C	J A N	F E B	M A R	A P R	M A Y
Executive Advisory Board	Monday 7:00 p.m.						15	19		14	18	18	15	

**TIMETABLE OF MEETINGS OF THE EXECUTIVE ADVISORY BOARD FOR
THE 2019-20 MUNICIPAL YEAR**

MEETING	PROPOSED DAY AND TIME	2019								2020				
		M A Y	J U N	J U L	A U G	S E P	O C T	N O V	D E C	J A N	F E B	M A R	A P R	M A Y
Executive Advisory Board	Monday 7:00 p.m.	20	17	8		9	21	18		13	17	16	20	

EXECUTIVE ADVISORY BOARDS TERMS OF REFERENCE

Each Executive Advisory Board will consider reports on matters relating to the functions of the Executive that fall within its remit. The remits of each Executive Advisory Board are shown below and are aligned to themes in the Corporate Plan; they will be reviewed and approved at the Council's Selection meeting each year. The Executive Advisory Boards will meet in public, be webcast, and be subject to Part C of the Council Procedure Rules, Public Speaking Procedure Rules and Access to Information Procedure Rules in Part 4 of the Constitution.

Membership:

- (a) Each Executive Advisory Board shall comprise 12 non-executive councillors, one of whom shall be appointed by the Council as chairman, with normal voting rights.
- (b) The Council shall appoint a vice-chairman for each Executive Advisory Board.
- (c) Proportionality rules will apply.
- (d) Substitutes will be allowed in accordance with the rules and procedures of this Constitution, and in respect of each Executive Advisory Board, the Council may appoint up to seven substitute members for each political group.

Meetings:

- (a) Each Executive Advisory Board shall normally meet eight times annually.
- (b) Relevant Executive members will be expected to attend Executive Advisory Board meetings and should normally present matters (with officer support) for discussion at meetings and engage actively in a dialogue with the Executive Advisory Boards regarding those matters.
- (c) The quorum of each Executive Advisory Board will be 4.

Responsibilities:

Each Executive Advisory Board will have the following general responsibilities within its remit:

- (a) To consider and (where necessary) make recommendations on all Key (or other significant) Decisions, prior to the formal consideration of all such decisions by the Executive.
- (b) To assist and advise the Executive in the development of Policy Framework issues.
- (c) To undertake research and reviews for the purpose of advising the Executive on the delivery of Corporate Plan Priorities.
- (d) To advise the Executive at an early stage in respect of the formulation and development of policies and projects that will help to deliver Corporate Plan Priorities
- (e) To assist in the development of Executive Decisions
- (f) To assist and advise the Executive as regards budget preparation.
- (g) To develop and maintain a work programme ensuring that there is efficient use of its time

Powers:

Each Executive Advisory Board will have the power:

- (a) To require the Leader and/or lead councillors and officers to attend before it to answer questions
- (b) To question and gather evidence from any person (with their consent)
- (c) To co-opt expert individuals on a non-voting basis to assist their work.

- (d) To set up panels, task groups or breakout groups to look at specific issues relating to the delivery of the Corporate Plan (or other significant priorities) in order to inform decision making by the Executive. For the avoidance of doubt, the membership of such panels and groups shall be open to all councillors.

Remits:

The remits of the Executive Advisory Boards will be as follows:

- (a) [The Place Making and Innovation] Executive Advisory Board. [To be aligned to themes in the new Corporate Plan]
- (b) [The Community] Executive Advisory Board [To be aligned to themes in the new Corporate Plan]

Protocol for their operation:

- (1) EABS are advisory in nature and do not have any substantive decision-making powers delegated to them. EABS are to act as a source of advice to the Executive.
- (2) EABS will enable greater involvement and engagement of councillors and the public in significant Executive decisions.
- (3) EABS will advise the Executive at an early stage about the formulation and development of policies and projects that will help deliver Corporate Plan priorities. The EABS are intended to enable backbench councillors to be more closely involved with issues of greatest importance to the Council.
- (4) The chairmen and vice-chairmen of the EABS will meet regularly to identify priorities and prepare draft work programmes for consideration and approval by the EABS and, as part of this process, will take into account the forthcoming key or significant Executive decisions set out in the Forward Plan. Subject to paragraph (5) below, those matters identified in the agreed work programmes will be considered by the EABS in detail.
- (5) When considering an Executive decision, the EABS will aim to do so at a time when it is still open to influence, that is to say, when there is an expectation that a recommendation or suggestion for improvement could realistically lead to change. EAB agendas will list all forthcoming key or significant Executive decisions set out in the Forward Plan, except those that are urgent.
- (6) EABS will determine their final recommendations to the Executive by consensus if at all possible.
- (7) The advice of EABS to the Executive, including explanation for any recommendations, will be contained within a report considered by the Executive. The justification for not accepting advice from an EAB is to be made clear in the options considered by the Executive.
- (8) Membership of both an EAB and the Overview and Scrutiny Committee does not inevitably create a conflict of interest. As a rule, councillors should not be involved in scrutinising a decision in which they have been involved directly; yet, EABS are advisory and it remains the responsibility of the Executive to formally take and implement the decision.

ARTICLE 8 – THE OVERVIEW AND SCRUTINY COMMITTEE

8.1 Terms of Reference

The Council will appoint an Overview and Scrutiny Committee to discharge the functions conferred by Sections 21 and 21A of the Local Government Act 2000 or regulations made under Section 32 of the Local Government Act 2000. This Committee is also the Council's designated crime and disorder committee under Section 19 of the Police and Justice Act 2006.

The work of the Overview and Scrutiny Committee should focus on the Council's principles, practice, procedures and performance (rather than politics and personalities); the work will be informed by the following principles:

- (i) Constructive "critical friend" challenge
- (ii) Amplifies the voices and concerns of the Public
- (iii) Led by independent people who take responsibility for their role; and
- (iv) Drives improvement in public services

The provisions of this Constitution are subject always, and without prejudice, to Section 9F of the Local Government 2000.

The general terms of reference of the Overview and Scrutiny Committee are set out below:

- (a) to perform all overview and scrutiny functions on behalf of the Council;
- (b) to appoint such formal sub-committees and informal task and finish groups as it considers appropriate to fulfil those overview and scrutiny functions;
- (c) to approve the overview and scrutiny work programme so as to ensure that the Committee's time is effectively and efficiently utilised;
- (d) to undertake investigations into such matters relating to the Council's functions and powers as:
 - (i) may be referred by the Leader/Executive; or
 - (ii) the Committee may consider appropriate; or
 - (iii) have been referred to the Committee pursuant to the "call-in" procedure set out in the Overview and Scrutiny Procedure Rules in Part 4 of this Constitution;

(In respect of (iii) above, the Committee may review the decision or, if it so wishes, refer the matter to the full Council for review.)

- (e) to review and advise on all existing policies of the Council, including making recommendations for future options to the Leader/Executive;

- (f) to review arrangements to secure continuous improvement in the way in which the Council's functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
- (g) to monitor and review the Council's performance against relevant national and local performance indicators and adopted plans and strategies;
- (h) to consider any matter affecting the area or its inhabitants;
- (i) to discuss initiatives put forward for consideration by individual members of the Committee
- (j) to deal with any relevant councillor call-for-action in accordance with the protocol attached as Appendix 1 to the Overview and Scrutiny Procedure Rules set out in Part 4 of this Constitution; and
- (k) to consider petitions received under the adopted Petition Scheme that fall into the following categories:
 - petitions requiring a senior officer to give evidence to the Committee; and
 - a request from a petition organiser, who is not satisfied with the Council's response to a petition, for a review of the adequacy of the steps taken or proposed to be taken in response to the petition.

8.2 **Specific Functions**

(a) **Policy Development and Review**

The Overview and Scrutiny Committee may:

- (i) assist the Council and the Leader/Executive in the development of the budget and policy framework by in-depth analysis of policy issues; and the Overview and Scrutiny Committee may obtain evidence from members of the public or expert witnesses to inform its response
- (ii) conduct research, community and other consultation in the analysis of policy issues and possible options;
- (iii) question the Leader, lead councillors, Managing Director and Directors about their views on issues and proposals affecting the area; and
- (iv) liaise with, and scrutinise, other external organisations operating in the area, whether national, regional or local, to ensure that the interests of local people are enhanced by collaborative working; any such organisation that is working in partnership with the Council will be expected to have regard to the reports and recommendations of the Committee

(b) Scrutiny

The Overview and Scrutiny Committee may:

- (i) review and scrutinise the performance of and the decisions made by the Leader, lead councillors individually or the Executive collectively and Council officers both in relation to individual decisions and over time;
- (ii) review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas;
- (iii) question the Leader, lead councillors, Managing Director and Directors about their decisions and performance, whether generally in comparison with service plans and targets over a period of time; in relation to particular decisions, initiatives or projects; or in relation to the portfolios of the Leader or of Lead Councillors (or any parts thereof). As part of this process, the Committee may facilitate the asking of questions submitted in advance by members of the public;
- (iv) make recommendations as appropriate to the Leader/Executive and/or the Council arising from the outcome of the scrutiny process;
- (v) review and scrutinise the performance of other public bodies in the area and invite reports from them by requesting them to address the Committee and local people about their activities and performance;
- (vi) question and gather evidence from any person (with their consent) and require information from partner organisations; and
- (vii) use innovative ways to scrutinise matters of concern such as select committees, public hearings, mystery shopping and workshops; the issue being investigated should be matched to the most appropriate process.

(c) Finance

- (i) The Overview and Scrutiny Committee may exercise overall responsibility for the finances made available to them.
- (ii) The Committee may request that a budget be made available to it for the purposes of research, the costs of expert witnesses, site visits, non-meeting based activities and matters similar thereto.

(d) Annual Report

The Overview and Scrutiny Committee must report annually to the full Council on its work undertaken during the year, its future work programme and amended working methods if appropriate.

8.3 Proceedings of the Overview and Scrutiny Committee

Agenda item number: 13
Appendix 2

The Overview and Scrutiny Committee will conduct its proceedings in accordance with the Overview and Scrutiny Procedure Rules set out in Part 4 of this Constitution.

**Review of Executive Advisory Boards (EABs) – Councillor Questionnaire 2020
Summary of Responses**

Although there were 19 separate responses to the Councillor Questionnaire, two of them expressed the views of more than one councillor and the responses are therefore representative of 21 councillors. A summary of the responses is set out below.

	Question	Responses
1.	<p><u>Effectiveness</u> - Do you feel that the EABs are currently operating effectively? If not, please give reasons and enter suggestions for improvement.</p>	<p>Two respondents expressed the view that the EABs were broadly operating effectively and allowing back benchers to be involved in the Council’s decision-making process. However, this was dependent on the EABs receiving topics in sufficient time to discuss and debate them effectively before they were submitted to the Executive for determination, on having a balanced workload and on the appropriate timing and amount of meetings. Careful planning with officers and discussing the Forward Plan were felt to be key to their success.</p> <p>Eight councillors felt that the EABs could operate more effectively whilst a further seven councillors thought EABs were not operating effectively. The reasons for lack of effectiveness included:</p> <ul style="list-style-type: none"> (a) Cancellation of meetings, particularly the Community EAB, owing to a ‘lack of business’; (b) An imbalance in the level of business between the two Boards; (c) EABs were seen to lack authority; (d) As the EABs were only advisory they had limited weight to affect decision-making, and it often felt that the decision had been made before the matter was reported to the EAB; (e) The primary purpose of the EABs to provide an opportunity for lead members to take soundings from a broad spectrum of councillors before bringing policies forward had been forgotten; (f) There was little scope for immediacy; there was too much control and emphasis on the content of the EAB agendas based on the Forward Plan; (g) Difficulties were experienced owing to a lack of clear outcomes and clarity on how advice from EABs consisting of many varied comments was presented to, and received by, the Executive, and the role the minutes played in this. However, some steps had been taken in the latest Place-Making and Innovation EAB meeting to make clearer the specific views and advice of the

		<p>EAB. There was a lack of feedback from the Executive.</p> <ul style="list-style-type: none"> (h) The concept behind the EABs was for them to consider subjects far in advance of their consideration by the Executive. The idea was for them to make a broad conceptual review of an item. However, gradually the time between EABs meeting and their thoughts going to the Executive shrank so that now they considered subjects at the last minute and in insufficient detail being seen as more of a tick box exercise than a proper board to inform decision-making. (i) The quality of chairing could often be poor and most of the time the EABs seemed to function in a retrospective scrutiny role rather than in a proactive advisory role. There also seemed to be poor understanding of the advisory role of the EABs amongst councillors. (j) Task groups called for in minutes of a meeting were not set up or operated as required, working with officers on SPDs was an example. An EAB considered SPDs as prepared documents already sent out for public consultation in disregard to EAB minutes and contrary to protocol 5. A recent issue showed that the wishes of the EAB (Placemaking) were disregarded and overruled by officers. <p>Areas for suggested improvement were:</p> <ul style="list-style-type: none"> (1) Early consideration of items at a draft stage would enable EABs to be involved in shaping policy before a full report was drafted. (2) As agendas could be lengthy containing large documents and items at the end may get insufficient attention, the amount of business should be managed and extra meetings scheduled as appropriate. (3) The minutes should be sent to the chair and officers first, then the EAB members (via email) for approval and then to the Executive meeting. (4) The EABs could take on more in terms of working on specific projects. (5) In the case of planning documents, it would be beneficial for EABs to be briefed by the Local Plan Panel at an early stage of policy development. (6) 'Advisory' should be dropped from the Boards' titles and replaced by 'Consultative'. (7) EABs needed to be more proactive, working with the Executive to identify areas of policy where they could provide in-depth research to make sure that there was a strong evidence base for either new policies or expansion of existing policies. (8) When deciding views to go forward to the Executive, after a brief statement, the Chair should ask for a seconder then have a vote on whether the comment was valid or not. This vote should be recorded so the Executive knew how popular the comment was. If a councillor did not follow the above process, then what they said would not necessarily be minuted.
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		<p>(9) The EABs would be effective when driven productively by the Chair. Chairmen should undertake training / refresh training on managing meetings in an orderly fashion and summarising at regular intervals.</p> <p>(10) Members need to understand the remit as well as the limitations of their brief and the chairs must support the members in keeping to this. If that happened then there would be Boards that could take some of the weight off of the Executive and contribute meaningfully to the activities of the Council.</p> <p>(11) All decisions made by EABs, shown through approved minutes, should be taken on board by officers and relayed to the Executive as advice to them from that EAB. Therefore time was needed for meetings to occur and minutes to be approved prior to advice being conveyed to the Executive. Draft minutes should not be used for this purpose and if more urgent advice was required, this must be made clear to EABs and arrangements made to send a key point summary to officers and the Executive prior to full minutes being ready.</p> <p>(12) In terms of EABs receiving feedback from the Executive in respect of the views they had put forward, this could be achieved by the presence of an Executive member at EAB meetings to explain the response to EAB advice when the minutes of the last meeting were signed off.</p> <p>(13) Officers and the Executive should give their reasons for agreeing or not agreeing advice from the EABs.</p>
2.	<p><u>Structure and Frequency</u> - Do you think that the current structure of the EABs (Community EAB, Place-making & Innovation EAB, typically meeting collectively as the Joint EAB on two occasions per annum to review budgetary matters) is the correct structure and frequency? (Timetable of meetings attached for ease of reference.) If not, please suggest alternatives.</p> <p>With this in mind, would a single EAB with a Council-wide remit and larger membership meeting</p>	<p><u>Structure</u></p> <p>(a) The majority of respondents supported the current structure of two separate EABs meeting collectively as the Joint EAB when necessary to discuss the budget and other significant or Council-wide topics.</p> <p>(b) It was broadly felt that a single EAB with a larger membership would be unwieldy with lengthy agendas whereas two EABs would enable members to develop expertise in a particular area of Council activity and to use that expertise in policy development.</p> <p>(c) There was some support for establishing EAB task groups when required to allow members to delve deeper into specific topics.</p> <p>(d) As an alternative to the existing EABs, two Council-wide EABs were proposed as they would ensure a regular equal workload covering all areas of Council activity. The possibility of interchangeable membership between such EABs would enable councillors to follow their interests and expertise.</p> <p><u>Frequency and timing of meetings</u></p>

	<p>on a more frequent basis (i.e. monthly) be a more effective approach?</p>	<ol style="list-style-type: none"> (1) Several respondents indicated a wish for flexibility to meet demand, enable topics to be considered in a timely fashion and maintain a balanced workload. (2) It was felt that EAB meetings should be more closely linked to, and precede, the Executive's meetings to give an opportunity for the EABs to discuss Executive agenda items and for the Executive to receive the EABs' views. (3) In order to have early input into policy and act as sounding boards, the EABs would need to consider Executive items several months in advance of determination. (4) As the two Joint EAB meetings created a gap between regular EAB meetings, it was suggested that the Joint EAB should meet in addition to the other EABs. <p><u>Membership</u></p> <p>The number of EAB members was considered to be appropriate. Two respondents felt that there were too many substitutes and that one substitute per EAB member was adequate.</p>
<p>3.</p>	<p><u>Remit</u> – notwithstanding the above, should the remit of EABs continue to align with the fundamental themes within the Corporate Plan (currently awaiting review), or with the directorates of the Council, or with other community / service themes (if the latter, please give examples)?</p>	<p>The views expressed by respondents in respect of the remit of EABs were varied.</p> <ol style="list-style-type: none"> (a) Five respondents favoured alignment with the Corporate Plan themes, one of whom stated that this should be a focus but not to the exclusion of other topics, at least for the interim period whilst the Council's new administration became established and the authority responded to the impact of the Coronavirus threat. (b) A remit aligned purely to the Council's new Directorates was sought by four respondents as it was felt that the Directorates were less likely to change than the Corporate Plan, which was frequently reviewed, and because this would give a greater opportunity for EABs to act in an advisory role to the relevant Executive portfolios. (c) Two respondents felt that the remit should jointly reflect the Corporate Plan themes and the Directorates of the Council. (d) A further two respondents favoured remit alignment with the Council's service delivery areas. (e) Two more respondents felt that the EABs' remit should mirror the Executive portfolios. (f) The EABs having a free hand in setting their agendas was welcomed by two respondents.

		<p>(g) A focus on the Forward Plan, on the Corporate Plan and the Forward Plan, and on a Council-wide basis, were each favoured by one respondent.</p> <p>(h) One further respondent felt that alignment with the Corporate Plan could lead to a workload imbalance affecting the efficiency of the EABs and suggested that the number of meetings and workload be divided equally between two Boards with interchangeable Council-wide remits enabling them collectively to meet as frequently as the Executive.</p> <p>(i) Related comments were that the Place-Making and Innovation EAB should focus on the planning and climate change agenda and that it was likely that the Corporate Plan would be reviewed again following the implementation of the next phase of the Future Guildford programme, the reorganisation of the Executive and post-COVID 19 outcomes leading to a further review of the remit of the EABs.</p>
4.	<p><u>Interface with Overview and Scrutiny</u> – Parallels between the role and function of O&S and EABs have been drawn – do you feel that the current balance is correct or should there be a greater emphasis on either one, or both?</p>	<p>(a) The responses to this question indicated that the differing roles and functions of O&S and EABs were largely appreciated by respondents who were generally of the view that EABs were intended to be the vehicle for influencing and shaping decisions before they were made, and possibly reviewing policy as it developed where appropriate, whilst the main purpose of O&S was to undertake post-decision overview and scrutiny in order to hold the Executive to account. However, some councillors felt that more emphasis should be placed on clearer demarcation between the roles of O&S and the EABs as there sometimes appeared to be some misunderstanding by members of the roles and powers of the O&S Committee and EABs.</p> <p>(b) Whilst some respondents felt that the roles of both O&S and EABs were very important and there was no reason to place greater emphasis on one or the other, another stated that O&S was a more effective body and should remain a priority. However, it was thought that attaching greater weight to EABs and clarifying their role may raise their profile and increase members' confidence that EABs' recommendations to the Executive were given appropriate attention and priority.</p> <p>(c) As EABs were felt to be under-utilised at times by comparison to O&S, it was suggested that their roles, apart from the scrutiny aspect, could be linked to increase capacity and coverage. As the Chairmen and Vice-Chairmen of the O&S Committee and EABs met to discuss their work programmes, it was felt that the work balance could be adjusted as required. However,</p>

		<p>one respondent thought that, at present, the balance was weighted too much towards scrutiny and insufficiently towards offering advice to the Executive, with the latter being the main role of the EABs. Another view was that if EABs were more consultative in nature, they would have a better interface with O&S than at present. A further view was that both EABs and O&S could only operate successfully if councillors committed to making them work through means including examination of robust evidence in an effort to increase the Council's effectiveness without seeking political gain.</p> <p>(d) Suggestions for improving the EAB process were the Executive anticipating the need for, and inviting, advice from EABs at the agenda setting stage. It was felt that the early provision of complex and lengthy information in advance of EAB meetings would facilitate consideration of issues and formulation of advice.</p>
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EXECUTIVE

21 July 2020

- * Councillor Caroline Reeves (Chairman)
- * Councillor Joss Bigmore (Vice-Chairman)

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|----------------------------|---------------------------|
| * Councillor Tim Anderson | * Councillor John Redpath |
| * Councillor Jan Harwood | * Councillor John Rigg |
| * Councillor Julia McShane | * Councillor James Steel |

*Present

Councillors Christopher Barrass, Chris Blow, Dennis Booth, Angela Goodwin, Angela Gunning, Ramsey Nagaty, Susan Parker, George Potter, Maddy Redpath, Deborah Seabrook, Pauline Searle, Paul Spooner and Fiona White were also in attendance.

EX16 APOLOGIES FOR ABSENCE

There were no apologies for absence.

EX17 LOCAL CODE OF CONDUCT - DISCLOSABLE PECUNIARY INTEREST

There were no disclosures of interest.

EX18 MINUTES

The minutes of the meeting held on 23 June 2020 were confirmed as a true record.

EX19 LEADER'S ANNOUNCEMENTS

The Leader announced that Surrey County Council had recently set out plans to seek government approval to create a single unitary authority in Surrey. This move was described by the Leader as extremely disappointing since there had not been discussion with borough and district leaders across the county in spite of detailed discussion with all Surrey MPs. The Leader's understanding, based upon correspondence from the Leader of Surrey County Council, was that a draft business case would be submitted to the Ministry of Housing, Communities and Local Government (MHCLG) by the end of September. Whilst the Borough Council had been promised stakeholder engagement, the Leader expressed concern for Guildford residents given that there had yet to be any consultation with district and borough councils, let alone with residents given the very tight timetable that had been proposed.

The Leader agreed that devolution to unitary authorities was the most appropriate way to deal with the serious funding issues that all authorities faced, particularly in the post-pandemic period. The advantages of working or joining with neighbouring authorities were recognised, but there was a serious question to face with regard to the size of a single authority across the whole county. The Leader had particular concern for the impact on Guildford residents of such a large organisation both in terms of service provision and connection with their elected councillors.

The understanding was that unitary status for Surrey would create an authority covering 1.2 million people which was nearly double the size of any English unitary in existence, compared to a government preference for such authorities covering populations of 400,000.

EX20 CLIMATE EMERGENCY RESPONSE: ACTIONS FOR ACHIEVING NET-ZERO CARBON

On 23 July 2019, full Council declared a Climate Emergency and approved a series of commitments to reduce carbon. In support of the 2019 declaration the Council had undertaken and completed a significant number of carbon and energy-reducing projects and set up the Climate Change and Innovation Board and Climate Change Fund in order to plan, resource and implement further work and projects.

In support of those commitments the Executive considered a report that presented a high-level action plan with a two-pronged approach simultaneously directed towards achieving net-zero carbon within the Council's own operations and also proposing how the Council could support carbon reductions by working with stakeholders across the borough.

The action plan set out to plug into Council policy wherever possible, seeking renewable or low carbon deliverables in a strategic manner. Progress with partners and external stakeholders was difficult to assess due to a variety of influences and opportunities would become more apparent moving forward. The Executive welcomed the report noting that it was positive to see work moving forward in this area again following delays arising from the Pandemic.

The Executive voted unanimously in favour of the recommendation.

RESOLVED to adopt the draft Action Plan as set out in Appendix 1 to the report submitted to the Executive.

Reason

In response to the Council's Climate Emergency Declaration, to adopt a high-level action plan (incorporating the Energy Delivery Framework) for working towards net-zero carbon within the Council's operations and playing our part in delivering more extensive and progressive carbon reductions across the borough.

EX21 PUBLIC HEALTH FUNERAL POLICY

The Executive considered a report recommending adoption of a public health funeral policy. The report set out the Council's roles and responsibilities and the level of funeral provision required to provide a dignified, value for money funeral service. A six-week consultation with in-house services and public and private partner organisations has been undertaken and the draft policy had been updated to reflect the feedback received through this consultation process.

The Lead Councillor for the Environment introduced the report. Members welcomed the new policy and unanimously agreed that it was an appropriate document to support a little known but valuable service that was undertaken by the Council.

RESOLVED to adopt the draft Public Health Funeral Policy as set out in Appendix 1 to the report submitted to the Executive.

Reason

To ensure that Public Health Funerals are conducted in a fair and transparent way and that the deceased's estate is managed in line with the current legislation and guidance

EX22 STRATEGIC DEVELOPMENT FRAMEWORK (SDF) SUPPLEMENTARY PLANNING DOCUMENT

The Executive considered a report recommending the adoption of the draft Strategic Development Framework Supplementary Planning Document (SDF SPD). The SPD provided

further guidance to the Guildford borough Local Plan: strategy and sites (“the Local Plan”) that related to the development of the strategic sites in the borough.

The SPD provided detailed formal guidance to assist future master-planning of the strategic sites as required by Policy D1 (13) which in turn would guide the planning applications for the sites. The SPD was a material consideration in the determination of planning applications and appeals and it would guide planners, developers, urban designers and decision makers on the design principles that underpin the master-planning of the strategic sites.

Initial consultation of the SPD had been carried out through a series of workshops and the comments and issues received through these workshops were all considered in the preparation of the draft initial document. Thereafter, formal consultation was undertaken for 5 weeks in early 2020. The draft SDF SPD was updated in light of the comments received and were included with the Executive report in the Consultation Statement. The Lead Councillor for Climate Change introduced the report.

During the meeting the Executive received compliments regarding the high quality of the SPD document. The committee report included responses to points raised during the consultation process that was welcomed. The Executive heard suggestions that the consultation process could be extended and proposals that it might either be referred to either a meeting of the Joint Executive Advisory Board or onto Full Council for further debate. However, SPD had been sent to Executive Advisory Board members on 4 July and the Executive unanimously agreed that the SPD as a policy guidance document should be adopted.

RESOLVED:

1. To adopt, as a Local Development Document, the Strategic Development Framework Supplementary Planning Document, as set out in Appendix 1 to the report submitted to the Executive.
2. To authorise the Policy Lead - Planning Policy, in consultation with the Lead Councillor for Climate Change, to make such minor alterations to improve the clarity of the adopted Supplementary Planning Document as they may deem necessary.

Reasons

The recommendation under (1) will enable the adoption of the SPD as a Local Development Document and will add weight to this guidance as a material consideration in the assessment of relevant planning applications.

The recommendation under (2) allows for minor modifications to the SPD should they be necessary prior to publication.

EX23 GUILDFORD ECONOMIC REGENERATION PROGRAMME

In July 2019, Full Council resolved to produce a sustainable Town Centre Master Plan Development Plan Document to be delivered within the lifetime of the current administration with an agreement that work should commence immediately and with the appropriate level of officer support.

On 24 March 2020, the Leader of the Council agreed a Masterplan Board should be convened and a specialist advisor appointed to brief and scope an external professional team that would contribute to the delivery of a pro-active strategy for the comprehensive regeneration of Guildford town centre.

The continued retail down-turn would have been extenuated by the COVID19 pandemic and consequent lockdown. The Executive considered a report suggesting a review of the priority

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and timing of schemes set out in the adopted Local Plan and recommending adoption of a draft strategy that would achieve a greater overall economic benefit to the town centre.

The Lead Councillor for Regeneration introduced the report and set out the challenges for Guildford. Those challenges included the legacies of the past, responding to changes in modern lifestyle choices and increasing populations as well as immediate priorities such as Covid-19 and the proposed restructure of local government. The recommendations of the committee report were unanimously supported by all councillors.

RESOLVED:

1. To set up a Guildford Economic Regeneration Programme Masterplan Board to be chaired by the Lead Councillor for Regeneration.
2. To adopt the draft Guildford Economic Regeneration Strategy and draft structure organisational plan as set out in Appendices 1 and 2 to the report submitted to the Executive.
3. To appoint an external specialist advisor and professional team with the responsibility to deliver a strategy specifically for the regeneration of Guildford town centre.

Reasons

1. This programme has major benefits for Guildford's community and businesses by delivering a pro-active strategy to address the economic and physical constraints facing the town, including the retail downturn and the impact of the COVID19 situation.
2. To support resolution CO29 of the Council made 23 July 2019.

The meeting finished at 8.50 pm

Signed

Date

Chairman

EXECUTIVE

25 August 2020

- * Councillor Caroline Reeves (Chairman)
- * Councillor Joss Bigmore (Vice-Chairman)

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|----------------------------|---------------------------|
| * Councillor Tim Anderson | * Councillor John Redpath |
| * Councillor Jan Harwood | * Councillor John Rigg |
| * Councillor Julia McShane | * Councillor James Steel |

*Present

Councillors Chris Blow, Angela Goodwin, Angela Gunning, Gordon Jackson, Ramsey Nagaty, Deborah Seabrook, Paul Spooner, Fiona White, Catherine Young, were also in attendance.

EX24 APOLOGIES FOR ABSENCE

There were no apologies for absence.

EX25 LOCAL CODE OF CONDUCT - DISCLOSABLE PECUNIARY INTEREST

There were no declarations of interest.

EX26 MINUTES

The minutes of the meeting held on 21 July 2020 were confirmed as a correct record.

EX27 LEADER'S ANNOUNCEMENTS

The Leader announced that this August Bank holiday weekend the council would be celebrating with local traders in the town with a special Bank Holiday Sale Bonanza, a weekend of competitions, amazing offers and lots of prizes. It was the last few days of the government 'Eat Out to Help Out' scheme, and there would be free parking in the town from 3pm on Saturday, 2pm on Sunday and 4pm on Monday. The Leader reminded everyone that as we all get used to a little more freedom, we must remain mindful of the pandemic and respect social distance.

The Leader referred to the proposal made by Surrey County Council to make the whole of the county into a single unitary authority, effectively removing the whole tier of local government that represents the boroughs and districts. All households had been sent a communication from the County Council leader, Tim Oliver, about his plans of a vision for Surrey. The Leader regretted that this proposal was produced without any consultation with the leaders of the boroughs and districts on the change to the structure and ignored all the work done by the boroughs and districts throughout the pandemic. In response, district and borough leaders across the whole of the county had come together to put a counter proposal to the government. The Leader explained that Guildford Borough Council was working collaboratively to create a single voice whilst ensuring that each individual authority would be able to adopt its own approach to sharing information with residents, businesses, associations and other stakeholders. It was proposed that the eleven boroughs and districts across Surrey would work jointly on all communications with residents and businesses and would engage KPMG to prepare a presentation of an alternative joint approach to be submitted to government.

To share the cost of this joint work across all boroughs and districts the Leader had requested an additional report to feature on the agenda, which proposed that this council should set aside a budget of up to £30,000 to fund its participation in that work.

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The next step in the pandemic would be the reopening of local schools. The Leader stressed that Covid-19 was still here and everyone must remain cautious. The number of cases was increasing across the country, but locally numbers were still relatively low. The only way to avoid another lockdown was to remember to stay safe and to look out for each other. Social distancing was still very important and everyone should remain mindful of others.

EX28 NEW CLIMATE CHANGE AND INNOVATION BOARDS

The Executive considered a report recommending the disbanding of the Climate Change and Innovation Board and the creation of two new executive working groups – the Climate Change Board and the Innovation Board.

The Climate Change and Innovation Board had been in operation since August 2019. During that time the business of the Board had expanded and consequently, the Lead Councillor for Climate Change had proposed a separation of the Board into two distinct functions to enable a more focussed working group for each of the two areas which were both of importance to the Council. It was noted that there should continue to be a close interaction between the two new Boards in recognition of their often mutual priorities. Beneficial to that aim was that the Lead Councillor for Climate Change also had portfolio responsibility for innovation.

It was noted that councillor and officer training in Climate Change matters would commence in the near future.

The Executive unanimously

RESOLVED:

- (1) That the existing Climate Change and Innovation Board be disbanded.
- (2) That two new working groups be established, namely the Climate Change Board and the Innovation Board.
- (3) That the terms of reference of each Board, including the respective memberships, as set out in Appendices 1 and 2 to the report submitted to the Executive be approved.

Reason

To facilitate a more focussed approach to this important work.

EX29 WEYSIDE URBAN VILLAGE: RELOCATION OF WOKING ROAD DEPOT

The Executive considered a report recommending the relocation of the Council Depot at Woking Road to make way for the construction of the new Weyside Urban Village (WUV). The WUV was a major 41-hectare brownfield regeneration scheme delivering new homes, community and employment space. The new depot would provide a hub for a number of the Council's services including the relocation of the Parks and Countryside service. The preferred option was to relocate the Depot within the northern section of the new site.

Approval was also sought to move a budget of £2.48 million from the provisional to the approved capital programme in order to progress a detailed design for the new Council depot which would then be submitted as a planning application.

It was noted that news had been recently received that the Secretary of State had refused permission to relocate the allotments. The Lead Councillor for Regeneration would be preparing a response.

The Executive unanimously

RESOLVED:

- (1) That the relocation of the Council depot to accommodate administrative and operational functions, as described in the report submitted to the Executive, be approved.
- (2) That the sum of £2.48 million be transferred from the Provisional to the Approved Capital Programme to enable the detailed design of the new Guildford Borough Council depot to be undertaken.

Reason

The budget will enable the detailed design of the new depot site in order to deliver construction, thereby releasing the current depot site as part of the Weyside Urban Village Development.

EX30 DEVOLUTION AND RECOVERY BILL: CONTRIBUTION TOWARDS A JOINT LOCAL GOVERNMENT REORGANISATION CASE FOR CHANGE SUBMISSION TO THE SECRETARY OF STATE

The Executive considered a report submitted as an item of urgent business that sought approval for a financial commitment of up to £30,000 as the Council’s contribution towards the joint commissioning by the eleven borough and district councils in Surrey of a business case for structural change to local government in the county, including the cost of any further specialist advice (e.g. communications).

The Executive unanimously

RESOLVED:

- (1) That the Council commits to contributing up to £30,000 towards the total cost of a submission of a Local Government Reorganisation Case for Change to the MHCLG, to be undertaken by KPMG and commissioned jointly by the 11 Surrey borough and district councils, including the cost of any further specialist advice.
- (2) That the contribution referred to in paragraph (1) above be met from the Corporate Inflation budget.

Reason

To enable a robust business case for structural change, supported by Surrey borough and district councils, to be made to the Secretary of State as expeditiously as possible in response to the Government’s anticipated Recovery and Devolution White Paper.

Note: By reason of the special circumstances described below, the chairman considered that this item should be dealt with at this meeting as a matter of urgency pursuant to Section 100B 4 (b) of the Local Government Act 1972.

Special Circumstances: This matter required a decision by the Executive at this meeting to enable the Council to commit to the commissioning of a joint Case for Change submission, on behalf of the Surrey borough and district councils, as expeditiously as possible.

The meeting finished at 7.45 pm

Signed

Date

Chairman

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