

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

18 November 2021

- * Councillor George Potter (Chairman)
- * Councillor Deborah Seabrook (Vice-Chairman)
- * Councillor David Goodwin
- Councillor Nigel Manning
- * Councillor Susan Parker
- * Councillor John Redpath
- * Councillor James Walsh

Independent Members:

- * Mrs Maria Angel MBE
- * Mr Murray Litvak

Parish Members:

- * Ms Julia Osborn
- * Mr Ian Symes
- Mr Tim Wolfenden

*Present

Councillors Tim Anderson, Tom Hunt, and Jo Randall were also in attendance.

CGS37 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Nigel Manning, for whom Councillor Jo Randall substituted.

CGS38 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS39 MINUTES

The minutes of the meeting of the Committee held on 23 September 2021 were approved as a correct record. The Chairman signed the minutes.

CGS40 PLANNING APPEALS MONITORING FOLLOW UP REPORT

The Committee considered the third monitoring report on planning appeals, which focused on 'overturn' appeals data and 'costs' data for 2018, compared with 2019, 2020 and (up to November) 2021.

The report had suggested that, in future, the focus should be on appeal decisions covering the previous two calendar years which would allow a greater focus on the analysis of the decisions presented, and attention was drawn to the number of Planning Committee decisions in 2020, which was lower than other years due to the cancellation of several meetings as a result of the national Covid lockdown measures in place. The overall number of appeal decisions had also been lower in 2021 in part due to the same reasons.

Officers had attached commentary to each year's report which looked at the proportion of appeals allowed in respect of member overturn decisions and overall appeal performance. The report noted that there was a consistent trend regarding the number of appeals being allowed in respect of Planning Committee decisions being considerably higher than overall appeal decisions.

The report had also included details of the range of costs associated with defending appeals together with the key risks and financial implications. The report had recommended that, in future, this monitoring report be presented annually to the Committee as the timing of appeal

decisions meant that twice yearly reporting did not present sufficient data to establish a trend or meaningful update.

The Lead Councillor for Development Management commented on the opportunity cost associated with officers working on defending planning appeals which meant that officers could not work on other planning applications.

During the debate, the following points were raised:

- In response to concerns over the veracity of information provided in the report, the Committee noted that the information contained both the appeal outcomes generally (i.e. the outcome of all planning appeals) and specifically the outcome of appeals in respect of committee overturns.
- In response to concerns regarding use of the full resources of the Council in respect of appeals against Planning Committee overturns, the Interim Head of Place confirmed that all appeals are robustly defended to the best of officers' ability, irrespective of the decision-maker.
- Where an overturn is contemplated by the Planning Committee, discussion as to likely outcome of an appeal should be avoided, or at least discussed using neutral language.
- The importance of the need for ongoing training for Planning Committee members was again emphasised, particularly with a view to improving the quality of decision making to enable councillors to reach their own conclusions on the planning merits of individual applications.
- In response to a concern over the number of appeals in respect of the non-determination of planning applications by the Council and a request for a moratorium on acceptance of applications, the Committee noted that the volume of applications that the Planning team was currently working on had almost doubled compared to the levels at the beginning of the pandemic. This had led to the Council having to use agency staff to deal with the backlog of work. It was also noted that the decision-making framework for dealing with non-determination applications followed the same pattern as a normal application in that the matter would still be referred to the Committee for an indication as to whether, had the Committee been in a position to determine, the application would have been approved or refused. The Committee also noted that the Council had no powers to prevent applications being submitted to the Council or to refuse to accept them.
- There was little difference in financial liability to the Council between applications allowed on appeal which had been determined by the Council and those which had been allowed on appeal following a failure by the Council to determine the application.
- Request for details of all appeal cost decisions for 2019, which was not shown in the report
- It was noted that in relation to budget provision for appeals, which had been relatively low and exceeded regularly, officers would be examining whether this budget was set at the appropriate level and would be looking at other authorities' approach to appeals budgets.
- Future reports to provide more analysis over the reasons behind decisions made

In considering whether the report should be presented annually, the Committee requested that the six-monthly reports should continue.

Having considered the report, and noted the corrections on the Supplementary Information sheet, the Committee

RESOLVED: That the contents of the update report and data be noted.

Reason:

To enable the Committee to monitor the Council's performance on planning appeals.

CGS41 INTERNAL AUDIT PROGRESS REPORT (APRIL TO OCTOBER 2021)

The Committee considered a report on progress made by the Council's internal audit manager (KPMG) on their internal audit plan for 2021-22 for the period April to October 2021, which included a summary of the work that they had concluded since the previous report to Committee and what they had planned to do ahead of the next. The report also provided an executive summary of three internal audit reports which examined Key Learnings from Covid, Safeguarding, and the Future Guildford Programme.

In relation to Key Learnings from Covid, the Committee noted that this had an Amber/ Green assurance rating (significant assurance with minor improvement opportunities). KPMG had noted good practice around the roll out of IT, the quick establishment of robust governance structures, with key findings and recommendations around formally taking minutes of meetings, regular action tracking, and the review and testing of business continuity plans.

In relation to the Safeguarding report, the Committee was informed that this had received an Amber/Red assurance rating (partial assurance with improvements required), which was below management's forecast. The Committee's attention was drawn to the Supplementary Information Sheet which included the agreed management responses to KPMG's recommendations. KPMG had noted good practice in that the management had started to introduce a safeguarding governance structure and that there were guides in place to support staff in the safeguarding referrals process. Their findings and recommendations were around clarity over policy review and approval schedules, the content of the policy, the training framework in place and in particular the ownership of monitoring training schedules and monitoring compliance with training and also around maintaining a central log of all safeguarding referrals made.

The third of the Internal Audit reports on the Future Guildford programme had received an Amber/Green assurance rating, which was in line with management's forecast. KPMG had noted good practice around the regular reporting of progress on the programme to the Overview and Scrutiny Committee, regular meetings of the main programme board with consistent agenda items and strong initial consultations with staff. KPMG's recommendations for this report related to undertaking a formal 'lessons learned' exercise.

KPMG also drew attention to a new element of their progress reports which involved sending satisfaction questionnaires with all of their final reports to the Executive sponsor. The results of the questionnaires relating to the HRA/Right to Buy receipts and performance monitoring reviews were set out in their report.

In debating this item, the Committee raised the following points:

- In response to a question as to why the Council's Safeguarding performance was unsatisfactory, the Committee noted that part of the problem related to identifying the Council's role given that Surrey County Council was the statutory authority for safeguarding. It was also noted that where the Council had referred safeguarding cases to Surrey, there had been little feedback on the outcome or any learning points arising. The Committee felt that the Surrey Safeguarding Board should be requested to establish better communication with partners regarding the outcome of cases referred together with learning points arising.
- Whilst Surrey County Council had the overall responsibility for safeguarding, the Council should recognise its responsibility to be aware of safeguarding issues and to make sure that they are recorded and reported. Assurance was sought that, as a priority, the necessary resources would be put in place to ensure that staff were properly trained in identifying safeguarding issues and how to make referrals.
- Emphasis on the need for safeguarding training not only for staff, but also for councillors
- In relation to future internal audit reports where assurance rating given is red/amber or worse, that the management response is included.

The Committee

RESOLVED: That the internal auditor's progress against their 2021-22 internal audit plan, together with the key findings from the reviews undertaken, be noted.

Reason:

To ensure good governance arrangements and internal control by undertaking an adequate level of audit coverage.

CGS42 APPOINTMENT OF EXTERNAL AUDITORS

The Committee was reminded that, following the closure of the Audit Commission in 2015, the Council had considered options for the appointment of its external auditors in December 2016 and had agreed to opt-in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors from 2018-19 for a period of five years up to and including the audit of the 2022-23 accounts.

This arrangement would terminate on 31 March 2023. The Council was now invited to consider arrangements for the re-appointment of its external auditor for a 5-year period from 2023-24.

PSAA was now undertaking a procurement for the next appointing period, covering audits for 2023-24 to 2027-28. During Autumn 2021, all local government bodies needed to make important decisions about their external audit arrangements from 2023-24. They had options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they could join and take advantage of the national collective scheme administered by PSAA.

The Committee considered a report setting out the proposals for appointing the Council's external auditor for the five-year period from 2023-24.

Officers considered that the sector-wide procurement conducted by PSAA would produce better outcomes and would be less burdensome for the Council than a procurement undertaken locally because:

- collective procurement reduced costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
- if it did not use the national appointment arrangements, the Council would need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- it was the best opportunity to secure the appointment of a qualified, registered auditor - there were only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
- supporting the sector-led body offered the best way of ensuring there was a continuing and sustainable public audit market into the medium and long term.

If the Council wished to take advantage of the national auditor appointment arrangements, it was required under the local audit regulations to make the decision at full Council. The opt-in period started on 22 September 2021 and would close on 11 March 2022.

Having considered the proposals, and the options open to the Council, the Committee

RECOMMEND (to Council on 7 December 2021):

That the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

Reason:

To enable the Council to comply with statutory obligations under Section 7 of the Local Audit and Accountability Act 2014.

CGS43 FINANCIAL MONITORING 2021-22: PERIOD 6 (APRIL TO SEPTEMBER 2021)

The Committee considered the latest financial monitoring report, which summarised the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for the period April to September 2021.

Officers were projecting an increase in net expenditure on the general fund revenue account of £1,762,936, which was down from £3m reported at the last meeting after transfers to and from reserves. This was predominantly due to the review of the interest receivable and payable which had resulted in a net increase in interest receivable.

Covid-19 continued to impact the Council. The direct expenditure incurred by the Council in the current financial year currently stood at £299,597. The Council had received a grant of £622,690 to finance direct Covid-19 costs for 2021-22.

The indirect costs of Covid-19, particularly the loss of income, were reflected in the services forecasting. The Council had made a claim of £1.45 million in respect of some of the lost income for the three months April to June, under the Sales, Fees and Charges (SFC) compensation scheme. This was currently included within the projection. Officers were currently projecting a loss of income for the full year of around £4.2 million. At present the Government did not appear to have any plans to extend the SFC compensation scheme beyond June 2021. The report considered the expenditure and income forecasted up to 30 September 2022, which would potentially be subject to movement depending on the success of the Government's roadmap for lifting all Covid restrictions.

Whilst a £17 million transfer from reserves had originally been budgeted, this was now expected to be £24 million. The Committee noted that reserves generally were running at dangerously low levels of approximately £5.8 million, whereas officers would normally recommend reserve levels at around £12 million.

There had been a reduction of £178,097 in the statutory Minimum Revenue Provision (MRP) charge to the general fund to make provision for the repayment of past capital debt reflecting a re-profiling of capital schemes.

A surplus on the Housing Revenue Account would enable a projected transfer of £8.4 million to the new build reserve and meet the forecasted £2.5 million to the reserve for future capital at year-end. The transfer to the New Build reserve was £7,372 higher than budgeted due to lower total expenditure over income.

Progress against significant capital projects on the approved programme as outlined in section 7 of the report was underway. The Council expected to spend £60.444 million on its capital schemes by the end of the financial year.

The Council's underlying need to borrow to finance the capital programme was expected to be £37.78 million by 31 March 2022, against an estimated position of £94.59 million. The lower underlying need to borrow was a result of slippage on both the approved and provisional capital programme as detailed in paragraphs 7.3 to 7.6 of the report.

The Council held £204 million of investments and £339 million of external borrowing on 30 September, which included £193 million of HRA loans. Officers confirmed that the Council had complied with its Prudential indicators in the period, which had been set in February 2021 as part of the Council's Capital Strategy.

In considering this report, the Committee made the following comments:

- Acknowledgement of the severe state of the Council’s finances, the dangerously low levels of reserves and the need for tight financial management to ensure that the position does not worsen, but also to begin a process for re-building reserves.
- It was noted that the in-year savings plan to mitigate the current overspend, which would be presented to the Executive at its meeting on 23 November 2021, would only mitigate the impact in the current financial year and could not be replicated in future years.
- Appreciation of the improvements in the monitoring and reporting of the impact of slippage in progress with major capital projects to ensure greater awareness of the potential risk of funding having to be returned.
- In response to a request for additional information in the main report on S.106 developer contributions, the Committee was reminded that a more detailed and regular monitoring report on S.106 contributions would be submitted to the next meeting and every six months thereafter
- Suggestion that the Council invests in electric car charging points and the need to explore alternative payment methods for parking in order to maximise income. It was noted that there was a project in the pipeline to replace “pay on foot” equipment in the Council’s car parks
- In response to concerns over the level of investments in other local authorities and associated returns, and the extent to which those investments were secure given the significant financial difficulties that all local authorities were experiencing, officers confirmed that the returns were higher than could be achieved by way of investment in banks. It was also noted that no local authority had defaulted on any loan.

Having considered the report, the Committee

RESOLVED: That the results of the Council’s financial monitoring for the period April to September 2021 be noted, subject to the comments referred to above.

Reason:

To allow the Committee to undertake its role in relation to scrutinising the Council’s finances.

CGS44 WORK PROGRAMME

The Committee considered its updated 12 month rolling work programme and noted the correction on the Supplementary Information Sheet in respect of the suggested deletion of the Annual Audit Letter 2020-21 item from the 24 March 2022 meeting as this would now be incorporated into the separate item on the Audit Findings Report.

In considering the work programme, and specifically the suggestion made at the last meeting that the Committee receives a presentation on measures being undertaken to address the slippage in the capital programmes, it was suggested that this presentation should take place immediately prior to the Committee meeting in April 2022.

The Committee

RESOLVED: That, subject to the correction on the Supplementary Information Sheet referred to above, the updated 12 month rolling work programme, as set out in Appendix 1 to the report submitted to the Committee, be approved.

Reason:

To allow the Committee to maintain and update its work programme.

The meeting finished at 8.58 pm

Signed

Date

Chairman