

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

26 September 2024

- \* Councillor Phil Bellamy (Chairman)
- \* Councillor Bob Hughes (Vice-Chairman)
- Councillor Ruth Brothwell
- Councillor Stephen Hives
- Councillor Vanessa King
- \*Councillor George Potter
- \* Councillor James Walsh

### Independent Members:

- \* Murray Litvak

### Parish Members:

- \* Julia Osborn
- \* Simon Schofield
- \* Tim Wolfenden

\*Present

The Leader of the Council, Councillor Julia McShane, the Lead Councillor for Finance & Property, Councillor Richard Lucas, the Lead Councillor for Commercial Services, Councillor Catherine Houston, the Lead Councillor for Community and Organisational Development, Councillor Carla Morson, and the Lead Councillor for Planning, Councillor Fiona White were also in attendance.

Councillor Jo Shaw was in remote attendance.

This meeting was held simultaneously with Waverley Borough Council's Standards & General Purposes Committee, with both committees considering the same agenda items, and having had the benefit of taking into account the debate from the other meeting before taking the decisions referred to below.

### **CGS36 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillors Ruth Brothwell and Vanessa King.

### **CGS37 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

### **CGS38 QUESTIONS FROM MEMBERS OF THE PUBLIC**

No questions had been received.

### **CGS39 QUESTIONS FROM MEMBERS OF THE COUNCIL**

No questions had been received.

### **CGS40 PROPOSED CHANGES TO LOCAL CHOICE FUNCTIONS**

The Committee noted that a review of ‘Local Choice Functions’ had been undertaken by the Joint Constitutions Review Group (JCRG), at its meeting held on 17 September 2024.

‘Local Choice functions’ were those which a local authority could decide as being the responsibility of either the Council or the Executive, under the Local Authorities (Functions & Responsibilities) (England) Regulations 2000 (as amended). They were prescribed in legislation and each local authority has to set out in its Constitution who would have the responsibility for exercising them. Both Guildford and Waverley Borough Councils had made different choices for their Local Choice functions, details of which were set out in the report submitted to the Committee.

Guildford had included a Local Choice function in respect of highways (para 12), but it was noted that the Council did not have any highways functions, as that was a County Council function. The JCRG had proposed to this Committee and to Waverley’s Standards & General Purposes Committee that all local choice functions be Leader/Executive functions other than the appointment of members to committees/outside bodies etc. This was because the majority of the Local Choice functions were regulatory in nature which better sat with the Executive, as they were operational matters.

Having considered the proposals, the Committee

**RESOLVED:** That the Council, at its meeting on 8 October 2024, be asked to adopt into the Constitution the Local Choice functions, as set out in the Appendix 1 to the report submitted to the Committee.

Reason:

Both Councils currently had chosen different decision makers for their local choice functions. This meant that functions exercised by an officer in one council could be executive functions, and the same functions in another council could be Council functions, which could lead to confusion and a lack of clear governance processes.

<b>Action:</b>	<b>Officer to action:</b>
To refer the Committee’s recommendation to full Council on 8 October 2024	Democratic Services & Elections Manager

<b>Action:</b>	<b>Officer to action:</b>
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**CGS41 PROPOSED DISBANDMENT OF THE CORPORATE GOVERNANCE & STANDARDS COMMITTEE AND ESTABLISHMENT OF A NEW AUDIT & RISK COMMITTEE AND STANDARDS COMMITTEE**

The Committee considered a report which presented, for consideration and recommendation to Council, the suggested terms of reference for a new Audit & Risk Committee at Guildford Borough Council. These were based on the CIPFA good practice model and would align with the terms of reference of Waverley Borough Council's Audit & Risk Committee. The report also presented terms of reference for a new Standards Committee which would deal with the ethical framework, constitutional issues, and member development. These terms of reference, if adopted by Council, would meet best practice in accordance with the SOLACE recommendations which had been adopted by full Council, and align this part of the Constitution across both Councils. It would also mean that this Committee would be disbanded.

The proposed composition of the new Audit & Risk Committee included two co-opted, non-voting independent members, and the composition of the new Standards Committee included two co-opted non-voting parish representatives.

The report noted that the current terms of reference of the Corporate Governance and Standards Committee included scrutiny related elements which would not sit appropriately with either the proposed new Audit & Risk Committee or the Standards Committee. These included the following matters:

- (a) the equality scheme and monitoring equality and diversity policies,
- (b) Freedom of Information performance monitoring
- (c) Data Protection and Information Security monitoring
- (d) Planning Appeals Monitoring
- (e) S106 Monitoring

The report had suggested that, in future, the equality scheme be adopted by the Executive and monitored by Overview and Scrutiny, and that responsibility for the remaining items should lie with Overview & Scrutiny as part of their overall performance monitoring responsibilities.

During the debate, the following comments were made by the Committee:

- Support for the principle of the proposed new Audit & Risk and Standards Committees, in line with the SOLACE recommendation. However, concern was expressed that there had been no prior discussion at this Committee or with other backbench councillors regarding the proposals, including how the Committee's current responsibilities should be allocated. It was

also noted that there had been no discussion with the chairs and vice-chairs of the overview & scrutiny committees regarding the allocation of the residual scrutiny related functions contained in the Committee's current terms of reference. It was therefore proposed that the matter be deferred to allow for these discussions to take place, the outcome of which would inform the Committee's further consideration of the proposals.

- Recognising that it was proposed to move the residual elements of the Corporate Governance and Standards Committee's current terms of reference to the overview & scrutiny committees, and noting the valued input to the Corporate Governance and Standards Committee's discussions by the current four co-optees, it was clarified that it was currently possible for the overview & scrutiny committees to appoint non-voting co-optees.
- Concern from a co-opted parish member regarding the extent of the remit of the proposed Standards Committee and whether their input might be better channeled by being co-opted to one of the overview & scrutiny committees.
- Concern that, if this Committee was disbanded, the programmed consideration of the S106 monitoring report would not take place in November as currently scheduled. It was suggested that any changes to the Committee be delayed to the end of the municipal year to enable the committee to work through its scheduled work programme.
- It was suggested that the proposed terms of reference of the Audit & Risk Committee, specifically monitoring the effective development and operation of risk management in the Council, and monitoring the progress in addressing risk related issues, would enable that committee, rather than overview & scrutiny committees, to consider section 106 monitoring, freedom of information requests, and planning appeals monitoring.
- The Lead Councillor for Planning commented that overview and scrutiny would be best placed to consider future S106 monitoring reports as they could summon officers from other authorities and the NHS to give evidence as to progress on expenditure of S106 monies on essential infrastructure by those authorities.
- It was suggested that there should be two co-opted parish members and an independent member, on each of the proposed new committees.

Having discussed the matter the Committee

RESOLVED:

- (1) That the matter be referred back to the next meeting of the Joint Constitutions Review Group for further consideration of:

- (a) the terms of reference of the proposed Audit & Risk Committee and Standards Committee, and
  - (b) which committees should be responsible for dealing with those matters within the current terms of reference of the Corporate Governance and Standards Committee which are not proposed to be dealt with by the proposed Audit & Risk Committee or Standards Committee.
- (2) That, following further consideration by the Joint Constitutions Review Group, the matter be scheduled for formal consideration by this Committee at its next scheduled meeting on 14 November 2024.

<b>Action:</b>	<b>Officer to action:</b>
To refer the matter back to the next meeting of the Joint Constitutions Review Group for further consideration	Democratic Services & Elections Manager

**CGS42 DRAFT ALIGNED ARRANGEMENTS FOR CODE OF CONDUCT COMPLAINTS**

As further work was required in respect of the drafting of the proposed aligned arrangements, the Committee agreed to withdraw this item. Once they had been finalised, the matter would be referred to members for consideration.

**CGS43 REVIEW OF GOVERNANCE ARRANGEMENTS RELATING TO COMPANIES**

The Committee noted that the Council had various existing interests in Companies, whether by way of sole or joint ownership. It was acknowledged that the Council must have robust and resilient governance arrangements in place. Such arrangements must enable the Council to have continuous oversight of financial interests, business cases and performance measures, to ensure continuous improvement and satisfaction of the Council’s best value duty and to comply with all regulatory requirements of Companies House.

The existing governance arrangements had been reviewed and a number of recommendations for change had been made to ensure that the shareholder had greater oversight of the Council’s interests in Companies, there was more frequent and transparent reporting, better officer support to the shareholder, and clearer lines of responsibility and accountability.

It was proposed that amendments be made to Part 3 (1) of the Constitution (Responsibility for Functions) to provide for the following principles regarding the responsibility for Council owned Companies:

- The responsibility of representing the Council as a shareholder of each Council owned Company was an Executive function.

- The Leader of the Council had determined to operate the shareholder role for each Council owned Company through the Executive Shareholder and Trustee Committee (ESTC).
- Each Council owned company would have its objects set out in Articles of Association.
- Each Council owned Company would enter into a Shareholder Agreement with the Council clarifying which matters were the responsibility of the Company Directors and which were reserved to the shareholder.
- The ESTC would meet with each Company's Directors, or representatives from the Board of Directors, at least bi-annually to monitor finance, performance and progress and determine any reserved matters.
- The activities of the ESTC would be subject to consideration by the Overview & Scrutiny Committee (Resources).
- The responsibility for the appointment of Directors to the Board of a Council owned Company to be set out in the Articles of the Company, and included in the shareholder agreement, but would usually be the responsibility of the ESTC.
- The Directors owe a fiduciary duty and had to act in the best interests of the Company but were also accountable to the shareholder.
- The Council and its Companies may contract with each other, subject to procurement matters, best value duty and a written legal agreement.
- Arrangements must be in place to avoid conflicts of interest.

The report had also proposed amendments to the terms of reference of the full Council, the Leader/Executive and other committees as set out in Part 3 (2) of the Constitution to provide further resilience to the governance framework relating to the Council's interests in Companies by strengthening and clarifying these provisions, full details of which were set out in the report.

Having considered the proposals, the Committee

RESOLVED: That full Council (8 October 2024) be recommended to approve the following:

- (1) the adoption into the Constitution of revised Parts 3(1) and 3(2), as set out in Appendices 2 and 4 to the report submitted to the Committee; and
- (2) the inclusion within the terms of reference of any proposed Audit Committee of internal audits of the Council's companies.

Reasons:

- It is considered that improvements can be made to the governance framework to ensure that GBC, as shareholder, has greater oversight of the Council's interests in companies.

- Good practice would be for the Council’s senior officers to monitor the performance of the Council’s interests in companies, and to bring forward reports to the shareholder in a regular, timely and transparent way with appropriate recommendations.
- Whilst the shareholder function is exercised by the Leader as an Executive function, there is currently no mechanism in place for scrutiny of such executive decisions and good practice would be for the Council’s overview and scrutiny committees to provide effective scrutiny of the shareholder role.

<b>Action:</b>	<b>Officer to action:</b>
To refer the Committee’s recommendation to full Council on 8 October 2024	Democratic Services & Elections Manager

The meeting finished at 7.20 pm

Signed .....

Date .....

Chairman