

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

24 November 2016

- \* Councillor Nigel Manning (Chairman)
- \* Councillor Jo Randall (Vice-Chairman)

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|-------------------------------------|--------------------|
| * Councillor Philip Brooker         | * Mrs Maria Angel  |
| * Councillor Alexandra Chesterfield | * Mr Charles Hope  |
| * Councillor Colin Cross            | Ms Geraldine Reffo |
| Councillor Geoff Davis              | Mr Ian Symes       |
| * Councillor Mike Hurdle            |                    |

\*Present

Councillors Matt Furniss and Michael Illman were also in attendance.

## **CGS38 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillor Geoff Davis and Ms Geraldine Reffo and Mr Ian Symes.

## **CGS39 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

## **CGS40 MINUTES**

The Committee confirmed the minutes of the meeting held on 22 September 2016. The Chairman signed the minutes.

## **CGS41 ANNUAL AUDIT LETTER 2015-16**

The Committee considered the Annual Audit Letter for 2015-16 issued by the external auditors, Grant Thornton.

The external audit for 2015-16 had been completed and the independent auditor had now issued their Annual Audit Letter, a copy of which was appended to the report submitted to the Committee. The Annual Audit Letter included updated findings to recommendations that had been raised in the Audit Findings Report presented to the Committee at its meeting on 22 September 2016.

The Committee

RESOLVED: That the Annual Audit Letter for 2015-16 be recommended to the Executive for approval.

### Reason for Decision:

To approve the Annual Audit Letter

## **CGS42 FUTURE OF EXTERNAL AUDIT**

The Committee considered an update report on arrangements for local authorities to appoint their own external audit provision following the closure of the Audit Commission on 31 March

2015. Since then, external audit had been provided through a series of framework contracts for the audit of local bodies, which would run until 2018.

Responsibility for managing the audit contracts for local government bodies, along with the Audit Commission's statutory functions for audit (e.g. setting the standards of performance, appointing auditors, setting and determining fees) and value for money work had transferred to an independent private company created by the Local Government Association.

Once the current audit contracts expired in 2018, local bodies would be able to appoint their own external and independent auditor and would need to do so by 31 December 2017. The length of appointment, which was yet to be finally determined, was expected to be between three and five years. Local bodies had to establish, consult and take into account the advice of an independent auditor panel on the selection and appointment of a local auditor.

Having considered three options in that regard, the Committee

RESOLVED: That full Council be requested to approve Option 3, as described in the report submitted to the Committee, which is to opt-in to the appointing person arrangements made by Public Sector Audit Appointments for the appointment of external auditors from 2018-19.

Reason for Decision:

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

#### **CGS43 SUMMARY OF INTERNAL AUDIT REPORTS: APRIL - SEPTEMBER 2016**

The Committee considered the summary of Internal Audit Reports and other associated work for the period April – September 2016, together with progress against the audit plan.

Questions from the Committee raised the following points and information:

- In relation to the outcome of last year's audit review of premises licensing no formal disciplinary action had been taken as the problems had been due principally to a breakdown in process in respect of a number of issues based around staff resources. New processes had been introduced which would continue to be monitored.
- The Chief Internal Auditor updated the Committee in respect of arrangements for resourcing the audit team, and the proposed new Data Protection Officer within the ICT team.

Having considered the various reports, the Committee,

RESOLVED: That the contents of the report to the Committee be noted.

Reason for Decision:

To ensure an adequate level of audit coverage.

#### **CGS44 FINANCIAL MONITORING 2016-17**

The Committee considered a report that set out the financial monitoring position for period 6 (April to September 2016).

The report summarised the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for this period. At the end of September 2016, officers were projecting a reduction in net expenditure on the general fund revenue account of £1,787,198. This was the result of a combination of factors, which include a reduction in employee expenditure across all services, an increase in planning fees, higher than budgeted

income from parking activities and additional rental income arising from the asset investment strategy. The Council had also received higher than budgeted interest receipts from its investments.

A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs would enable a projected transfer of £11,838,440 to the new build reserve and reserve for future capital at year-end.

Officers were making progress against significant capital projects on the approved programme as outlined in section 7 of the report. The Council was expected to spend £57.58 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 £49.09 million by 31 March 2017.

The Council held £129 million of investments and £235 million of external borrowing as at 30 September 2016. Officers confirmed that the Council had complied with its Prudential indicators in the period, which were set in February 2016 as part of the Council's Treasury Management Strategy, with the exception of the upper limit on variable interest rates. This was due to having more variable rate debt than investments due to using more fixed deposits than variable rate investments.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April to September 2016, be noted.

Reason for Decision:

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

#### **CGS45 FREEDOM OF INFORMATION COMPLIANCE UPDATE**

The Committee considered an update report on the monitoring of the Council's performance in dealing with Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests.

As at 8 November 2016, the Council's performance rate for delivery of FOIs stood at 84%, the same figure for November 2015. There was scope for improvement in order to meet the Key Performance Indicator (KPI) of 90%. However, in mitigation, the position of Information Rights Officer had been vacant for three months and the recording of FOIs had recently transferred to a new electronic system, so both factors might have had a disruptive effect on performance figures. In addition, requests which required a Public Interest Test to be taken into consideration could be extended beyond the statutory 20 working day timescale, another factor which would have distorted the figures.

Questions from the Committee raised the following points and information:

- There was no information to hand on how Guildford's performance compared against other, similar, councils. This would be investigated by the Information Rights Officer.
- Officers would investigate the possible introduction of a standard template for submitting FOI requests and also the possibility of publishing responses online.

The Committee,

RESOLVED: That the actions taken by officers be noted and that and further updates be received by the Committee to ensure that the Council meets its objective of 90% compliance.

Reason for Decision:

To ensure the Council meets its objective of 90% compliance.

**CGS46 ARRANGEMENTS FOR INVESTIGATING ALLEGATIONS OF BREACHES OF THE COUNCILLORS' CODE OF CONDUCT**

The Committee noted that the Localism Act 2011 made fundamental changes to the system of regulation of standards of conduct for elected and co-opted councillors. The new provisions came into force on 1 July 2012. The Council adopted a new Code of Conduct and put in place Arrangements for dealing with Code of Conduct complaints regarding councillors.

After three years of operation, the Council decided to review its processes in light of local experiences of handling cases in practice. In carrying out the review, the Council commissioned Hoey Ainscough Associates Ltd. to carry out an independent review of the Council's Arrangements.

At its meeting on 26 November 2015, the Committee considered the outcome of Hoey review and established a working group to examine the detail of the recommendations. The Committee considered the working group's final recommendations on the review at its meeting on 31 March 2016 and submitted its recommendations to Council on 12 April 2016. The Council agreed that the Committee (acting through the working Group) would carry out, finalise, and implement the remaining work, namely:

- (a) The redrafting of the Council's Arrangements for dealing with allegations of misconduct by councillors and co-opted members;
- (b) Consideration as to whether such re-drafting might usefully include a separate version of the Arrangements containing only those elements relevant to allegations of misconduct by parish councillors;
- (c) Guidelines and policy for communications; together with guides for the complainant and councillor against whom a complaint is made;
- (d) A protocol with the Police where a complainant alleges criminal behaviour;
- (e) Revision of the Protocol for Independent Persons adopted by Full Council on 7 October 2015 and an associated briefing document;
- (f) Assistance as regards any statements relating to standards and the private capacity of councillors;

The report addressed each of the above outstanding matters and, having considered these, the Committee

**RESOLVED:**

- (1) That the redrafted Arrangements, as set out in Appendix 1 to the report submitted to the Committee, together with accompanying documents drafted as appendices to the Arrangements (Appendices 2, 3, and 4 to the report), be approved and implemented with immediate effect.
- (2) That Briefing Note for Members on private capacity, as set out in Appendix 6 to the report, be promoted.
- (3) That the Police Protocol be approved in line with the model attached as Appendix 5 to the report, as the basis for formal discussions with the Police,
- (4) That the Monitoring Officer be authorised, in consultation with the Chairman of the Committee, to agree any necessary revisions to any of the documents referred to in paragraphs (1) to (3) above.

Reasons for Decision:

- To comply with the request for a review; and
- To ensure that the Council's Arrangements remain fit for purpose and in accordance with best practice.

**CGS47 PROPOSED AMENDMENTS TO THE CONSTITUTION**

This Committee's terms of reference included, under corporate governance activity, the monitoring and review of the operation of the Council's Constitution. In 2014-15, the Council undertook a fundamental review of the Constitution, in order to bring the document up to date and fit for purpose.

The Committee now considered a comprehensive report on proposed further amendments to the Constitution, mainly to Council Procedure Rules, Public Speaking Procedure Rules, Financial Procedure Rules and Procurement Procedure Rules.

The Committee

RESOLVED: That the Council be requested to adopt the proposed amendments to the Constitution, as described in paragraphs 3.2, 4.2, 4.4, 4.6, 4.9, 4.10, 4.12, 4.17, 5.2, 5.4, 5.5, 5.8, 6.2, 6.3, 6.4, 6.6, 6.7, 7.2, 7.3 and 7.4 and shown with tracked changes in Appendices 1, 2, 3 and 4 of the report submitted to the Committee.

Reason for decision:

To clarify inconsistencies and anomalies in council procedures.

**CGS48 WORK PROGRAMME**

The Committee considered its work programme for the remainder of the 2016-17 municipal year.

The Committee,

RESOLVED: That the updated work programme for 2016-17, be approved.

Reason for decision:

To allow the Committee to maintain and update its work programme for the 2016-17 municipal year.

The meeting finished at 7.55 pm

Signed .....

Chairman

Date .....