

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

- * 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

The Lead Councillor for Finance, Councillor Michael Illman was also in attendance.

CGS56 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Geoff Davis and from Mr Charles Hope and Ms Geraldine Reffo.

CGS57 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS58 MINUTES

The Committee confirmed the minutes of the meeting held on 31 January 2017. The Chairman signed the minutes.

CGS59 AUDIT REPORT ON THE CERTIFICATION OF FINANCIAL CLAIMS AND RETURNS 2015-16: HOUSING BENEFIT SUBSIDY AND POOLING HOUSING CAPITAL RECEIPTS

The Committee considered an audit report on the certification of financial claims and returns for 2015-16.

The audit covered claims returns relating to expenditure of £39 million, spanning Housing Benefit Subsidy worth £35.3m and Pooling of Housing Capital Receipts worth £3.9m.

Despite the auditor certifying an increase in the number of errors identified within the Housing Benefit Subsidy return, the net effect to the Council was an increase in DWP subsidy payable to the Council of £6,080. The additional checking undertaken by the auditor (Grant Thornton) had resulted in their request for additional fees of £12,500.

The auditor had no issues to report in respect of the total capital receipts subject to pooling, as officers had already corrected errors identified in the audit.

Questions from the Committee raised the following points and information:

- This additional audit fee in respect of this work was included in the external auditor's fee referred to in the External Audit Plan item (see Minute no. CGS 62 below)

- The Committee was reassured that there were no exceptional underlying reasons for the errors which had been identified by Grant Thornton and referred to in the report.

Having considered the report, the Committee

RESOLVED:

- (1) That the position regarding the certification of claims and returns for 2015-16 be noted.
- (2) That the additional audit fee of £12,500 claimed by Grant Thornton, be approved.

Reason for decision:

To formally sign off the claims and returns for 2015-16.

CGS60 PLANNING COMMITTEE REVIEW GROUP

The Committee considered the report of the Planning Committee Review Group, which had been established in November 2016 to review the size of the current Planning Committee, with the main remit to submit proposals for a smaller Committee. The group had recommended that there would be real benefit in reducing the size of the Planning Committee from 23 councillors to 12 councillors, with effect from the 2017-18 municipal year. It was also recommended that the maximum number of substitute members per political group be reduced from 7 to 5.

The group had considered options in respect of the size of the Planning Committee. Both officers and members on the group were aware that where other councils had considered the size of their respective planning committees, they had tended to come down to a lower number. Ultimately, the group considered that 12 was an appropriate number for Guildford.

The benefits of a smaller Committee would include:

- A skilled and professional Planning Committee with more focused expert debate;
- More focused and efficient execution of business;
- Ability for ward Councillors who are not Planning Committee members to address the Committee with greater freedom to speak openly and freely;

The group had also reviewed a number of processes and procedures associated with the business of the Planning Committee and had made a series of recommendations in that regard. These were summarised, for information, in paragraph 3.6 of the report submitted to the Committee. At its meeting on 8 March 2017, the Planning Committee had also considered a report on the group's findings and recommendations, including the proposed reduction in the size of the Committee.

In considering the proposed reduction in the size of the Committee, the Planning Committee felt that a reduction to 15, rather than 12, councillors would be appropriate and, accordingly, had recommended this to full Council when it determined the matter on 11 April 2017.

The Planning Committee had also adopted the recommendations in respect of the proposed changes to its processes and procedures and these would be implemented with effect from the beginning of the 2017-18 municipal year.

The only issues for consideration by the Corporate Governance and Standards Committee, in view of its responsibility for considering and advising Council on constitutional matters, were the proposed reduction in size of the Planning Committee, and reduction in the maximum number of substitute members per political group on that Committee. It was also proposed to implement these changes, on a trial basis for 12 months, and thereafter set up a further task

group to undertake a comprehensive process review to establish how the changes were working.

During the debate on this matter, the Committee noted that a number of residents' associations and parish councils had expressed concern over the proposed reduction in size of the Planning Committee, stating the importance of having their ward councillor involved in decisions on planning applications that affect their locality.

Having taken into account the separate recommendations of the review group and the Planning Committee, the Committee

RECOMMEND:

- (1) That the size of the Planning Committee be reduced to 15 councillors.
- (2) That the maximum number of substitute members per political group on the Planning Committee be reduced from 7 to 5.
- (3) That the proposal to trial the reduction in the size of the Planning Committee, then after 12 months set up a task group to undertake a comprehensive process review to establish how the changes are working, be approved.

Reason for Recommendation:

To modernise the Planning Committee and to review and update all associated processes and procedures.

CGS61 DISCUSSIONS WITH THOSE CHARGED WITH GOVERNANCE

The Committee noted that, in carrying out their annual audit of the Council, Grant Thornton comply with the International Standards on Auditing (ISAs) as adopted by the UK Financial Reporting Council (FRC). ISAs required the auditor to make inquiries of Those Charged With Governance (TCWG) to determine whether they had knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries were made, in part, to corroborate the responses to the inquiries of management.

Grant Thornton had sent the Council a questionnaire setting out their inquiries of TCWG. Officers had prepared a response to the questionnaire, on behalf of the Chairman of this Committee. The questionnaire and the Council's proposed responses were set out in Appendix 1 to the report submitted to the Committee.

Having considered the report, the Committee

RESOLVED: That the responses to Grant Thornton provided in the Discussions with Those Charged with Governance document at Appendix 1 to the report submitted to the Committee, be approved.

Reason for Decision:

To enable the Council's external auditors, Grant Thornton, to carry out their duties under the Local Audit and Accountability Act 2014, the auditors must be provided with the necessary assurances required under International Standards on Auditing (ISA), particularly, ISA 260, Communication with Those Charged with Governance.

CGS62 EXTERNAL AUDIT PLAN 2016-17

The Committee considered the annual external audit plan for 2016-17, which had been prepared by the Council's external auditors, Grant Thornton.

The plan contained details of the programme of work that Grant Thornton intended to carry out during 2016-17, the approach they would adopt and significant risks that they would review as part of the audit. The Audit Plan outlined:

- the interim audit work undertaken so far and the auditor's conclusions in respect of that work
- the elements of the audit cycle and the dates by which the work would be carried out
- the fee that Grant Thornton would charge in respect of the external audit of the Council. The overall fee for the core audit is the same as the fee charged in 2015-16 and was within budget as reported to the Committee at its meeting on 16 June 2016.

The Committee therefore

RESOLVED: That the external audit plan submitted by Grant Thornton, including the audit fees set out on page 18 of the plan, be approved.

Reason for Decision:

To enable the Committee to consider and comment on the planned audit fee and work programme.

CGS63 FINANCIAL MONITORING 2016-17

The Committee considered a report that set out the financial monitoring position for the period April 2016 to January 2017.

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 January 2017, officers were projecting a reduction in net expenditure on the general fund revenue account of £3.03 million (representing 1.98% of the Council's gross budget, or 7.29% of its original net budget). This was the result of a combination of factors, which included 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 £11.76 million to the new build reserve and reserve for future capital at year-end. This transfer was £263,000 higher than budgeted.

Officers were making progress against significant capital projects on the approved programme as outlined in section 7 of the report. The Council was now expected to spend £54.78 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 £40.79 million by 31 March 2017, against an estimated position of £80.81 million. The lower underlying need to borrow was a result of slippage on both the approved and provisional capital programme, as detailed in the report.

The Council held £146.3 million of investments and £232.4 million of external borrowing as at 31 January 2017, which included £194 million of Housing Revenue Account loans. 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 2016 to January 2017, be noted.

CGS64 LOCAL GOVERNMENT PENSION SCHEME TRIENNIAL VALUATION

The Committee considered a report on the draft results of the triennial valuation of the Local Government Pension Scheme, which had been carried out by the actuaries for the Surrey Pension Fund as at 31 March 2016.

The draft valuation results showed that investment performance of the fund had been good over the three-year period since the last valuation and outperformed the actuary's assumptions at the previous valuation. As a result, the deficit on the pension fund for the Council had decreased from £51.2 million in 2013 to £37.3 million in 2016, and the funding level had increased from 71% to 80%. The three main reasons for the decrease in the deficit were as follows:

- Investment performance had exceeded the expectations at the last valuation
- The rate of pension increases for scheme members had reduced due to the Consumer Price Index (CPI) being lower than anticipated at the last valuation
- Salary growth for scheme members had been lower than expected at the last valuation, which had been due to continued public sector pay restraint and the impact of changes to the scheme for members

The decrease in the deficit meant that the Council's back funding payment into the scheme would reduce slightly from £2.424 million to £2.326 million per annum between 1 April 2017 and 31 March 2020, a saving of £98,000. The draft valuation results had proposed an employer's contribution rate of 15.1% of payroll per year, an increase of 0.5% from the 2016-17 contribution of 14.6% of payroll. The increase in contribution rate would cost approximately £118,000. Therefore, the overall impact of the valuation was an increase in cost of £20,000 from 2016-17. The increase had been included within the 2017-18 budget.

The back funding payment was split between the General Fund (approx. 90%) and the Housing Revenue Account (approx. 10%). Therefore, the back funding payment in 2017-18 for the General Fund was £2.121 million and the HRA share was £205,000.

The Committee

RESOLVED: That the report be noted.

CGS65 COUNCILLOR APPOINTMENTS TO EXTERNAL ORGANISATIONS WORKING GROUP: INTERIM REPORT

The Committee noted that Council appointed councillors to a number of local external organisations for which they undertook a range of governance or advisory roles. The Council's constitutional protocol provided guidance to councillors undertaking such appointments. Terms of office varied by organisation and, consequently, there was currently a need to report to Council annually to reappoint or fill vacancies.

On 10 May 2016, the Council had resolved to establish a Working Group with the following terms of reference:

- (a) to engage with those external organisations to which the Council appoints representatives to discover what they look for from such appointments;
- (b) to review the process for making appointments and, in relation to each organisation, whether the Council should continue to make such appointments; and
- (c) to submit a report on their findings to the Corporate Governance and Standards Committee, for final recommendation to Council.

In November 2016, a Working Group was established and a review of the process and engagement with external organisations commenced. The Committee considered an interim report setting out the progress of the review to date, together with a number of initial recommendations for consideration and recommendation to Council on 11 April 2017.

Having considered the interim report, the Committee

RECOMMEND:

- (1) That councillors will normally be appointed to such external organisations that:
 - (i) support the Council's Corporate priorities, and/or
 - (ii) assist in delivery of Council services, and/or
 - (iii) are using Council facilities
- (2) That all appointees to external organisations shall be current borough councillors.
- (3) That, in principle, when an appointment is made there shall be just one councillor appointee and a deputy appointed to each external organisation.
- (4) That the Council shall appoint to external organisations for a four-year term of office following Borough Council elections, and that, should a vacancy arise during a term of office, the deputy appointee (where applicable) will normally assume the role of the appointee for the term of office remaining, and group leaders will be asked to submit nominations for the appointment of a new deputy appointee in accordance with the provisions of these recommendations.
- (5) That the term of office in respect of appointments to external organisations expiring in May 2017 be extended to July 2017.
- (6) That a 'person profile', as set out in Appendix 8 to the report submitted to the Committee shall be completed by each external organisation to ensure that the appointment is a suitable match to the requirements of the organisation and the capacity of the individual councillor in terms of skills, experience and time commitment.
- (7) That councillors shall not accept an appointment to an external organisation unless there is a full understanding of the commitments and requirements for the role between all parties.
- (8) That political group leaders shall liaise between themselves to ensure that individual councillors' interest in specific nominations are shared between them before the meeting at which any contested appointments are to be determined.

- (9) That, in relation to contested appointments, each nominee shall have the opportunity to make either a written or an oral personal statement to the meeting in support of their nomination before the vote is taken, with any oral statement taking no longer than three minutes.
- (10) That the Democratic Services Manager be authorised to determine uncontested appointments to external organisations.
- (11) That it will be the expectation of the Council that an induction and suitable training shall be provided for the councillor appointee by the external organisation which shall include any legal responsibilities, budget and financial issues, information sharing with the council or other bodies and accountability.
- (12) That the process of appointments to external organisations shall be covered in the Council's new councillor induction programme.
- (13) That all councillors appointed to an external organisation shall each year provide written feedback on the work of those organisations over the previous twelve months using the report template at Appendix 9 to the report.
- (14) That the Monitoring Officer, in consultation with the Lead Councillor for Infrastructure and Governance, be authorised to make such amendments to the Council's Constitution as may be necessary to implement these adopted recommendations.
- (15) That these arrangements be reviewed in three years' time.

Reason for Recommendation:

To ensure that the Council maintains and develops relationships with key local organisations and partners in the most mutually productive ways and in the best interests of local people.

CGS66 CORPORATE GOVERNANCE AND STANDARDS COMMITTEE WORK PROGRAMME

The Committee, having considered its proposed work programme for the 2017-18 municipal year,

RESOLVED: That the updated work programme for 2017-18, as set out in Appendix 1 to the report submitted to the Committee, be approved.

Reason for decision:

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

The meeting finished at 8.22 pm

Signed

Chairman

Date