

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

18 January 2018

- \* Councillor Gordon Jackson (Chairman)
- \* Councillor Jo Randall (Vice-Chairman)

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|-------------------------------------|-----------------------|
| * Councillor Alexandra Chesterfield | * Mrs Maria Angel MBE |
| * Councillor Colin Cross            | * Mr Charles Hope     |
| * Councillor Mike Hurdle            | * Ms Geraldine Reffo  |
| * Councillor Nigel Kearse           | * Mr Ian Symes        |
| Councillor Nigel Manning            |                       |

\*Present

The Lead Councillor for Infrastructure and Governance, Councillor Matt Furniss and the Lead Councillor for Finance and Asset Management, Councillor Michael Illman were also in attendance.

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

Apologies for absence were received from Councillor Nigel Manning.

Councillor Andrew Gomm attended as substitute for Councillor Manning.

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

There were no disclosures of interest.

## **CGS40 MINUTES**

The Committee confirmed as a correct record the minutes of the meeting held on 30 November 2017. The Chairman signed the minutes.

## **CGS41 FREEDOM OF INFORMATION COMPLIANCE - ANNUAL REPORT 2017**

The Committee considered the annual report for 2017 on the monitoring of the Council's performance in dealing with Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests.

The Committee was informed that, for the calendar year 2017, the Council's performance rate for responding to FOI requests within the 20 working day deadline stood at 91.5%, which compared favourably with the figure of 89% recorded at the end of 2016. The Council therefore exceeded both the Information Commissioner's performance indicator of 85%, and the 90% target agreed by the Corporate Management Team.

The Committee also noted the details of the requests received by service area for the year, and also the types of person requesting the information.

Questions and comments from the Lead Councillor and the Committee raised the following points and information:

- In view of the very high level of requests for information submitted by private companies, usually seeking information about the Council's contracts for commercial advantage, it was suggested that a further approach might be made to the Local Government Association or the local MP to make representations to Government about a possible exemption from the requirement to respond to such requests.

- Plans were in place for putting Fol and EIR responses on the Council's website, which may assist in dealing with the same or similar requests for information in future.

The Committee,

RESOLVED: That the Freedom of Information Compliance Report for 2017 be noted.

Reasons for Decision:

- To ensure that the Committee is kept up to date with developments in the FOI/EIR framework
- To ensure that the Committee has the necessary information to enable requests for information to be made easily to the Council and properly responded to
- To assist with learning lessons and improving performance following requests for information made to the Council

**CGS42 FINANCIAL MONITORING 2017-18 PERIOD 8 (APRIL TO NOVEMBER 2017)**

The Committee considered a report that set out the financial monitoring position for period 8 (April to November 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. Officers were projecting a reduction in net expenditure on the general fund revenue account of £1,263,353. This was the result of a combination of factors, which included a reduction in employee expenditure across all services, higher than assumed levels of grant support and a reduction in the statutory Minimum Revenue Provision (MRP) charge to the General Fund to make provision for the repayment of past capital debt. This lower than budgeted MRP charge reflected a re-profiling of capital schemes, which also had a positive impact on the level of cash balances and assumed external borrowing costs, which had combined to produce higher than budgeted net interest receipts.

A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs would enable a projected transfer of £9.15 million to the new build reserve and £2.5 million to the reserve for future capital at year-end, which had been £918,479 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 expected to spend £33.3 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 £20.2 million by 31 March 2018, against an estimated position of £87.7 million, which was due to slippage on both the approved and provisional capital programme.

The Council held £145.7 million of investments and £242.2 million of external borrowing as at 30 November 2017, 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 2017 as part of the Council's Treasury Management Strategy.

During the debate, the Committee made a number of comments, including:

- Clarification on what might constitute 'exceptional circumstances' in the context of the sale of external investments at a loss (para 6.10 of the report) The Chief Finance Officer confirmed that there were no set criteria as such but any decision in contemplation of a sale, would be taken in consultation with the Council's Treasury Management advisors.
- The impact of the slippage on the capital programme, with funding for major schemes being carried forward to 2018-19 or future years. The Chief Finance Officer confirmed that such slippage impacted positively on the revenue account with less being paid by

way of MRP to finance the repayment of debt and increased income from interest. However, slippage on the capital programme could have a negative impact reputationally for the Council in terms of deferred delivery of key corporate priorities.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April to November 2017 be noted.

Reason:

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

### **CGS43 CAPITAL AND INVESTMENT STRATEGY (2018-19 TO 2021-22)**

The Committee considered a report on the Council's capital and investment strategy, which was a new requirement under the revised CIPFA Prudential Code 2018. The report incorporated the position of the current capital programme and the new capital proposals for the period 2018-19 to 2021-22, and the Treasury Management Annual Strategy Report for 2018-19.

These had been previously been presented as separate reports, but were now presented together linking investment both in terms of treasury management and assets. The aim was to avoid duplication between the reports, and to strengthen the link between capital spending and the treasury management function.

CIPFA had also revised the Code of Practice on Treasury Management ('TM Code'), alongside the revision to the Prudential Code, details of which were highlighted in the report.

Due to the timing of the production of the codes, CIPFA had acknowledged that the 2018-19 report would be a year of transition, and that full adoption may not be possible until 2019-20.

The Department for Communities and Local Government (DCLG) was consulting over revisions to their Investment Guidance, which included reference to investments in non-financial assets, and the Minimum Revenue Provision Guidance. The Guidance would retain the requirement for an Investment Strategy to be prepared at least annually for approval by Full Council.

The Council had a duty under the Local Government Act 2003 to have regard to both the CIPFA Codes and the DCLG Guidance.

In relation to the Capital Strategy, the Council sought to demonstrate that capital expenditure and investment decisions were taken in line with service objectives and properly took account of stewardship, value for money, prudence, sustainability and affordability. The Council also needed to demonstrate that it sets out the long-term context in which capital expenditure and investment decisions were made and gave due consideration to both risk and reward and impact on the achievement of priority outcomes.

The capital strategy also provided an overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of services along with an overview of how associated risk was managed and the implications for future financial sustainability.

In relation to the Capital Programme, the Council had a current underlying need to borrow for the General Fund Capital Programme of £323 million. Officers had submitted bids, with a net cost to the Council of £96 million; increasing the underlying need to borrow to £419 million should those proposals be approved for inclusion in the programme. The Committee noted that, due to their commercial sensitivities, details of four of the capital bids had been included in the "Not for Publication" Item 11 attached to the agenda.

The Committee was informed that some capital receipts or revenue streams could arise as a result of investment in particular schemes, but in most cases, it was too early to make such

assumptions, although some information had been included in the capital vision highlighting the potential income.

All projects would be funded by general fund capital receipts, grants and contributions, reserves and finally borrowing. It was not yet known how each scheme would be funded and, in the case of development projects, what the delivery model would be. The capital programme included a number of significant regeneration schemes which, it was assumed, would be financed from the General Fund. However, subject to detailed design of the schemes, there could be scope to fund them from HRA resources rather than General Fund resources in due course. Detailed funding proposals for each scheme would be considered when the Outline Business Case for each scheme was presented to the Executive for approval.

Details of the new capital bids submitted were set out in Appendices 2 and 3 to the report submitted to the Committee, including the impact of proposed capital expenditure on Council Tax. Each of the bids had been evaluated by Corporate Management Team, and reviewed by the Joint Executive Advisory Board Budget Task Group (JEABBTG).

The report had also included details of the Council's Minimum Revenue Provision (MRP) policy and the Prudential Indicators.

In relation to Treasury Management, the Committee noted that officers carried out this function within the parameters set by the Council each year in the Treasury Management Strategy Statement (now the capital and investment strategy), which was included at Appendix 1 to the report, and in accordance with the approved treasury management practices shown in Appendix 11 to the report. The Committee noted the various corrections to Appendix 11, which were set out in the Supplementary Information sheet circulated at the meeting.

The Government's view that the principle of security, liquidity and yield should apply to both financial and non-financial investments, was set out in proposed DCLG guidance (which was currently out for consultation and subject to change).

With an ambitious Corporate Plan and medium to long-term aspirations, the Council was in a good financial position, and had a strong asset base and a good level of reserves. The budget for investment income in 2018-19 was £1.6 million, based on an average investment portfolio of £115 million, at an average rate of 1.63%. The budget for debt interest paid was £6.3 million, of which £5.1 million related to the HRA.

The Committee was advised that the Council was now required to include details of its non-treasury investments in the annual investment strategy. This included asset management, investment properties, investments in subsidiary companies and information on the Council's commercialisation and transformation programmes.

The report had also been considered by the Joint Executive Advisory Board at its meeting on 8 January 2018, and its recommendations were set out in paragraph 9.1 of the report to the Committee.

Following clarification of a number of points of in respect of the Capital and Investment Strategy, the Committee

**RESOLVED:** That under Section 100A(4) of the Local Government Act 1972 (as amended), the public be excluded from the meeting for consideration of the confidential bids referred to in item 11 on the agenda on the grounds that they involved the likely disclosure of exempt information, as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

Following the readmission of the public, the Committee

**RESOLVED:** That the recommendations to the Executive and Council in respect of the Capital and Investment Strategy, as set out in the report submitted to the Committee, be endorsed.

Reason:

To enable the Council at its budget meeting on 7 February 2018, to approve the capital and investment strategy and the treasury and prudential indicators for 2018-19 to 2022-23; and the funding required for the new capital investment proposals.

**CGS44 EQUALITY SCHEME**

The Committee noted that existing Equality Scheme (formerly named the Single Equality Scheme) and action plan had been developed a number of years ago and consequently now required refreshing.

The Committee considered a report on a revised Scheme and action plan, which had been drafted with the following aims in mind:

- to create simpler and more 'user-friendly' documents
- to restate the Council's legal obligations and how it intended to meet them
- to enable the Council to take stock of the equality and diversity work already being carried out and provide direction for the future
- to provide an opportunity to relaunch the Council's work in this area at a manageable and achievable level.

Whilst it was not a legal requirement to have an equality scheme it enabled the Council to summarise in one place the Council's commitment to equality and diversity and to demonstrate how it would meet the legal obligations set out in the Equality Act 2010.

Having considered the report, the Committee

**RESOLVED:**

- (1) That the adoption of the Equality Scheme and action plan shown respectively in Appendices 1 and 2 to the report submitted to the Committee, be commended to the Executive, subject to the minor correction to the action plan set out in the Supplementary Information sheet circulated at the meeting.
- (2) That the Committee monitors the implementation of the actions in the action plan on an annual basis.

Reasons:

To assist the Council in meeting its obligations under the Equality Act 2010 and provide a way to measure and evidence work undertaken in this area.

**CGS45 GENERAL DATA PROTECTION REGULATION (GDPR) - UPDATE**

The Committee received and noted an update report on progress, since the last meeting, on action taken towards implementation of the requirements of the General Data Protection Regulation by 25 May 2018.

The Project Board had met on 20 December 2017 to discuss training and awareness, automated systems, procedures, data protection by design, data sharing, data cleansing, GDPR compliance in respect of the Council's current ICT software suppliers, and the senior leader session that took place 30 November 2017.

Four sub groups of the Project Board were working at a high level focusing on developing corporate processes to comply with the new personal rights that would be available under the new Data Protection Act 2018.

The Committee was also informed of the recent appointment of the Council's information Assurance Manager (Michael Hynes), who would be responsible for information and data security.

Arrangements for GDPR training for councillors and parish councillors had been provisionally booked for 20 and 13 March 2018 respectively.

In response to comments from the Committee, it was noted that:

- the proposed training for parish councillors on 13 March was also open to parish clerks to attend.
- The issue of whether a parish clerk could act as data protection officer for their parish council would be looked at and reported back to this Committee. It was understood that the essential requirements for a data protection officer were experience and knowledge of data protection law, and having sufficient resource to monitor the organisation's compliance with the requirements of the GDPR. In addition, there could not be a conflict of interest between the role of parish clerk and the data protection officer. It would, however, be permissible for a parish council to appoint an external data protection officer.

The Committee

RESOLVED: That the update report be noted.

Reason:

To review the Council's progress in complying with the GDPR by 25 May 2018.

**CGS46 CORPORATE GOVERNANCE AND STANDARDS COMMITTEE - WORK PROGRAMME FOR 2018-19**

The Committee, having considered its updated work programme for the remainder of the 2017-18 municipal year, and the work programme for the 2018-19 municipal year

RESOLVED: That the updated work programme for the remainder of the 2017-18 municipal year, subject to the correction set out in the Supplementary Information sheet circulated at the meeting, and the 2018-19 municipal year, 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 8.20 pm

Signed .....

Chairman

Date .....