

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

28 March 2019

\* Councillor Richard Billington (Chairman)

\*Councillor Alexandra Chesterfield (Vice-Chairman)

\* Councillor Andrew Gomm  
\* Councillor Nigel Kearse  
\* Councillor Marsha Moseley  
Councillor Caroline Reeves  
Councillor Tony Rooth

\* Mrs Maria Angel MBE  
Mr Charles Hope  
Ms Gerry Reffo  
\* Mr Ian Symes

\*Present

The Lead Councillor for Infrastructure and Governance, Councillor Matt Furniss, the Lead Councillor for Finance and Asset Management, Councillor Nigel Manning, and the Deputy Lead Councillor for Governance, Councillor Jo Randall, were also in attendance.

## **CGS53 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were submitted on behalf of Councillors Caroline Reeves and Tony Rooth and from Charles Hope and Geraldine Reffo.

## **CGS54 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

Mrs Maria Angel MBE disclosed an interest in respect of agenda item 12 – Appointment of Independent Members of the Corporate Governance and Standards Committee (May 2019 – May 2023) on the grounds that she had submitted an application for re-appointment.

There were no other disclosures of interest.

## **CGS55 MINUTES**

The Committee confirmed as a correct record the minutes of the meeting held on 17 January 2019. The Chairman signed the minutes.

## **CGS56 ANNUAL GOVERNANCE STATEMENT 2018-19**

The Committee considered a report on the Council's Annual Governance Statement for 2018-19, as required by the Accounts and Audit (England) Regulations 2015. The Statement was underpinned by the Audit and Performance Manager's (as Head of Internal Audit) Annual Opinion Report April 2018 to March 2019, which was appended to the report.

The Statement set out the Council's governance framework and procedures that had operated at the Council during the year, a review of their effectiveness, significant governance issues that had occurred and a statement of assurance.

The Annual Governance Statement, which would be included in the Council's statement of accounts for 2018-19, had concluded that Guildford was a well-run Council with good governance processes in place. However, there had been a number of significant governance issues during the year, full details of which were reported in the Statement.

Having considered the report and the Annual Governance Statement set out in the Appendix thereto, the Committee

**RESOLVED:** That the Executive be requested to adopt the Council's Annual Governance Statement for 2018-19 as set out in Appendix 1 to the report submitted to the Committee.

Reason:

To comply with Regulation 10 of the Accounts and Audit (England) Regulations 2015, the Executive must approve an Annual Governance Statement.

**CGS57 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:

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.

**CGS58 AUDIT REPORT ON THE CERTIFICATION OF FINANCIAL CLAIMS AND RETURNS 2017-18: HOUSING BENEFIT SUBSIDY & POOLING HOUSING CAPITAL RECEIPTS**

The Committee considered an audit report on the certification of financial claims and returns for 2017-18.

The audit covered claims returns relating to expenditure of £36.39 million, spanning Housing Benefit Subsidy worth £32.6m and Pooling of Housing Capital Receipts worth £3.79m.

Although it had been necessary to qualify the Subsidy claim, the auditor had found a minimal number of errors. The auditor's report had been very favourable towards the performance of the Benefits service, highlighting the improvements made compared to last year – with no new error types identified, and a decrease in the volume and value of errors found, and their extrapolation. As the auditors had covered all the testing within the set scale fee, there was no additional audit fee to approve.

The Committee noted that the Department for Work and Pensions had not processed the Council's audited claim. Based on the reduction in errors that had been assumed, there would be no change to the Council's subsidy.

The auditor had no issues to report that affected the total capital receipts return.

Having considered the report, the Committee

RESOLVED: That the position regarding the certification of claims and returns for 2017-18 be noted.

Reason:

To formally sign off the claims and returns for 2017-18.

**CGS59 EXTERNAL AUDIT PLAN 2018-19**

The Committee considered the annual external audit plan for 2018-19, 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 2018-19, the approach they would adopt and significant risks that they would review as part of the audit. The Audit Plan outlined:

- 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 had reduced from the fee charged in 2017-18 as reported to the Committee at its meeting on 14 June 2018.

As part of the audit plan, the Council had requested that Grant Thornton undertake additional value for money work for 2018-19. This work had informed the Council's consideration of the Future Guildford Transformation programme at its meeting on 26 February 2019. The Supplementary VfM Findings report had been appended to the report submitted to the Committee for information. Due to the short timescales involved in the review, it had not been possible to report this work to the Committee at its meeting on 17 January 2019.

The Committee

RESOLVED: That the external audit plan submitted by Grant Thornton, as set out in Appendix 1 to the report submitted to the Committee, including the audit fee set out on page 12 of Appendix 1, be approved.

Reason:

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

**CGS60 FINANCIAL MONITORING 2018-19 PERIOD 10 (APRIL 2018 TO JANUARY 2019)**

The Committee considered a report that set out the financial monitoring position for period April 2018 to January 2019.

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 £2,516,169. This was the result of 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. At service level, the projected outturn was £840,958 lower than the latest estimate once adjusted for items either funded from reserve or transferred to reserve. It was currently assumed, subject to consultation with the Lead Councillor for Finance and Asset Development, that the underspend would be transferred to the Invest to Save and Budget Pressures reserve to pump prime the Future Guildford Transformation project.

A surplus on the Housing Revenue Account would enable a projected transfer of £6.8 million to the new build reserve and £2.5 million to the reserve for future capital at year-end. This had been £216,947 lower than budgeted and was a consequence of the application of a risk-free interest rate on HRA reserve balances reflecting the allocation of risk between the general fund and the HRA.

Officers were making progress against a number of major capital projects on the approved programme as outlined in section 7 of the report. The Council was expected to spend £50.13 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 £31.48 million by 31 March 2019, against an estimated position of £71.15 million, which was due to slippage on both the approved and provisional capital programme, as detailed in the report.

The Council held £118.9 million of investments and £212.5 million of external borrowing as at 31 January 2019, which included £193.1 million of HRA loans. Officers confirmed that the Council had complied with its Prudential indicators in the period, which had been set in February 2018 as part of the Council's Capital Strategy.

In relation to the slippage in the capital programme, the Committee noted that, for a number of reasons, providing an accurate estimate of the revenue implications of delays in bringing forward major capital projects would be difficult.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April 2018 to January 2019 be noted.

Reason:

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

## **CGS61 DATA PROTECTION AND INFORMATION SECURITY UPDATE REPORT**

The Committee received and noted an update report on the Council's activities associated with compliance with the requirements of the General Data Protection Regulation (GDPR) and Data Protection Act 2018. The report had set out the implications of Brexit on such compliance and noted that, in practice, there would be little change to the core data protection principles, rights and obligations under GDPR should the UK leave the European Union, with or without a withdrawal agreement.

The report also noted that the staff training and awareness programme had been successful and that existing corporate policies and procedures had been amended and new policies and procedures introduced.

The report included details of the activities of the Information Assurance Manager and Information Rights Officer since May 2018 and their respective objectives for the next six months.

## **CGS62 ANNUAL REPORT OF THE MONITORING OFFICER REGARDING MISCONDUCT ALLEGATIONS**

The Committee received and noted the Monitoring Officer's annual report about decisions taken on standards allegations against borough and parish councillors for the 12-month period ending 31 December 2018.

The Committee noted that during this period, there had been 16 complaints in total, of which seven were regarding parish councillors and nine were regarding borough councillors.

Thirteen of the complaints were the subject of no further action at stage 1, the initial jurisdiction test. Two of the complaints proceeded to stage 2, and one proceeded to stage 3, investigation - after which no further action was taken.

Aside from one complaint (where the identity of the complainant was being treated as confidential), all of the complaints were made by members of the public.

The report had also recorded the time taken for consideration and determination of each complaint.

The Monitoring Officer reported that there was no common theme amongst the complaints.

The Committee were also informed that the Committee on Standards in Public Life (CSPL), had published its report on *Local Government Ethical Standards*, details of which, including its key recommendations, were set out in the report submitted to the Committee.

The CSPL report acknowledged that many of their recommendations would require changes in either primary or secondary legislation, most notably the headline recommendation (no.16) that local authorities should have the power to suspend errant councillors, without allowances, for up to six months. However, CSPL had identified 15 examples of best practice, which they had invited councils to consider introducing as soon as possible in advance of any legislative changes.

The Committee noted each of the 15 best practice recommendations, together with commentary regarding the Council's current practices and an assessment of the extent to which they were compliant with best practice.

Having agreed that the Council should strive to achieve compliance with the best practice recommendations, the Committee

#### RESOLVED:

- (1) That the cases referred to the Monitoring Officer under the Council's arrangements for dealing with allegations of misconduct for the period 1 January 2018 to 31 December 2018, be noted.
- (2) That the Monitoring Officer be advised that there are no areas of concern upon which the Committee would like further information and/or further work carried out.
- (3) That the summary of the recommendations of the report of the Committee on Standards in Public Life (CSPL), *Local Government Ethical Standards*, as set out in Appendix 2 to the report submitted to the Committee be noted.
- (4) That the Monitoring Officer be authorised to take the necessary steps to ensure compliance with the 15 best practice recommendations contained in the CSPL report, as set out in Appendix 3 to the report submitted to the Committee; and submit reports as appropriate to this Committee in due course.

#### Reasons:

- (1) To ensure members of the Committee and others to whom the report is circulated are kept up to date with standards complaints relevant to the Committee, and kept up to date with the relevant findings of the review undertaken in 2018 by the Committee on Standards in Public Life of *Local Government Ethical Standards*.
- (2) To consider learning points for the future.
- (3) To seek to promote and maintain high standards of conduct amongst Members.

#### **CGS63 REVIEW OF PROBITY IN PLANNING - LOCAL CODE OF PRACTICE**

The Committee considered a report on the recent review of the Probity in Planning - Local Code of Practice document, which had not been reviewed for some time and had been included as a part of the ongoing review of the Council's Constitution. The document provided guidance for councillors and officers on their role and conduct in the planning process. The guidance

included how councillors and officers should manage contact with applicants, developers and objectors or supporters. The purpose of the guidance provided in the document was to ensure that decisions made in the planning process were not biased and were taken openly and transparently, and based on material planning considerations only.

During the review, officers had undertaken a comparison process between the existing document and other councils' local codes published more recently. The Planning Development Manager, the Principal Planning Solicitor and the Monitoring Officer had reviewed the document. During the course of this process, it had been suggested that the updated Probity in Planning - Local Code of Practice could be amalgamated with other relevant information in respect of the determination of planning applications, including how the Planning Committee operates in that regard, and published as a 'Probity in Planning Councillors' Handbook. This would be very useful for all councillors, particularly those newly elected following the Borough Council Elections on 2 May 2019.

A copy of the draft Handbook was appended to the report submitted to the Committee.

This matter had also been considered by the Planning Committee at its meeting held on 27 March 2019, and a note of the comments made was circulated to the Committee. Planning Committee members had generally welcomed the proposed Handbook as a very useful reference document for councillors, particularly those new to Planning.

Having considered the report, the Committee

RESOLVED:

That the 'Probity in Planning Councillors' Handbook' attached as Appendix 2 to the report submitted to the Committee be commended to full Council on 9 April 2019 for adoption.

Reason:

To provide up to date and fit for purpose Probity in Planning guidance to councillors and officers, together with other relevant information on the planning process at the Council in a helpful handbook for councillors.

#### **CGS64 APPOINTMENT OF INDEPENDENT MEMBERS OF THE CORPORATE GOVERNANCE AND STANDARDS COMMITTEE (MAY 2019 - MAY 2023)**

Mrs Maria Angel MBE left the meeting immediately prior to the Committee's consideration of this matter.

The Committee considered a report on the process undertaken for the appointment of independent members of the Corporate Governance and Standards Committee.

Article 10 of the Council's Constitution provided that the composition of this Committee included three non-voting, co-opted persons who were not councillors or officers of the Council (independent members), whose term of office would be for a four-year period, with serving independent members being eligible for re-appointment.

Following a recruitment process, two applications had been received, one from the current independent member Mrs Maria Angel MBE seeking re-appointment, and the other from Mr Murray Litvak.

On the basis that Mrs Angel had served very ably and impartially as an independent member on the Committee (and its predecessor committee) since 2013, officers had no hesitation in commending to the Council her re-appointment as an independent member for a further four-year term.

Mr Litvak had been interviewed on 6 March 2019 by a panel comprising the Chairman of the Committee (Councillor Billington), the Chief Finance Officer (Claire Morris) and the Deputy Monitoring Officer (Sarah White).

Following the interview, the panel indicated that Mr Litvak was an extremely able and high calibre candidate with a good knowledge of standards and governance issues. Mr Litvak was currently Chairman of the Spelthorne Members Code of Conduct Committee and also the statutory Independent Person at Runnymede Borough Council. The panel had therefore recommended that Mr Litvak be appointed as an independent member of the Corporate Governance and Standards Committee.

On this basis, and having considered the CVs from both candidates, the Committee

RESOLVED: That the appointment of Mr Murray Litvak and re-appointment of Mrs Maria Angel MBE as independent members of the Council's Corporate Governance and Standards Committee, as recommended by the selection panel, with effect from May 2019, for a four-year term of office expiring in May 2023, be commended to the Council for formal approval on 9 April 2019.

Reason:

To comply with Article 10 of the Council's Constitution.

**CGS65 APPOINTMENT OF INDEPENDENT PERSONS UNDER SECTION 28 LOCALISM ACT 2011 (MAY 2019 - MAY 2023)**

The Committee noted that under Section 28 of the Localism Act 2011 ("the Act") the Council was required to appoint at least one independent person whose views may be sought regarding any allegations of misconduct against a councillor and the arrangements under which any such allegations can be investigated and determined.

There were currently three Independent Persons who had been appointed by the Council in 2015 and their term of office would end in May 2019.

Although the role of Independent Person was voluntary, the Council was required to advertise the vacancy in such manner as the authority considered likely to bring it to the attention of the public.

As with previous appointments, the Council had entered into a joint arrangement with a number of other councils in Surrey to recruit and appoint Independent Persons.

The Committee considered a report setting out details of the 2019 recruitment process, and the seven candidates who had been recommended for formal appointment as Independent Persons by this Council (and the participating councils) for the four year period from May 2019 to May 2023.

Having considered the report including the CVs from all seven candidates, the Committee

RESOLVED: That the appointment of the following persons as the Council's Independent Persons for a four-year term of office expiring in May 2023:

- Vivienne Cameron
- Bill Donnelly
- Paul Eaves
- Liz Lawrence
- Roger Pett
- Bernard Quoroll
- John Smith

be commended to the Council for formal approval on 9 April 2019.

Reason:

To enable the Council to comply with its obligations under Section 28 (7) of the Localism Act 2011.

**CGS66 WORK PROGRAMME**

The Committee

RESOLVED: That 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 8.17 pm

Signed .....

Chairman

Date .....