

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

Thursday, 19 SEPTEMBER 2019

\* Councillor Tim Anderson (Chairman)  
Councillor Nigel Manning (Vice-Chairman)

Councillor Jan Harwood  
\* Councillor Liz Hogger  
\* Councillor Ramsey Nagaty  
\* Councillor John Redpath  
\* Councillor James Walsh

## Independent Members:

Mrs Maria Angel MBE  
\*Mr Murray Litvak

## Parish Members:

\*Mrs Julia Osborn  
\*Mr Ian Symes  
\*Mr Tim Wolfenden

\*Present

The Lead Councillor for Finance and Asset Management, Councillor Joss Bigmore was also in attendance.

## **CGS20 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillors Jan Harwood, Nigel Manning and Maria Angel. Councillor Jo Randall attended as a substitute for Councillor Nigel Manning.

## **CGS21 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

## **CGS22 MINUTES**

The Committee confirmed as a correct record the minutes of the meeting held on 30 July 2019. The Chairman signed the minutes.

## **CGS23 ANNUAL AUDIT LETTER 2018-19**

The Committee considered a report that set out the external audit findings carried out by Grant Thornton for 2018-19 on the Council's financial statements and on its arrangements for value for money.

The Committee noted the additional fees that had been incurred in the last year which incorporated the Future Guildford programme but still equated to less than what had been paid for in audit fees in the previous year. Marcus Ward, Engagement Manager for Grant Thornton explained that the document included in their agenda pack was draft and that page 10 should be deleted. The only new piece of information was to confirm the fee the PSA had to agree.

The Lead Councillor for Finance and Asset Management confirmed that the Council's credit rating had recently been confirmed which was a good indicator of sound financial health.

During the debate, the Committee made the following comments:

- Clarification was sought on the valuation of land and business land in Surrey via control points and adjustments which was noted under the report's findings and conclusions. It was confirmed that this matter was addressed at the last Committee where four recommendations had been put forward around the way the council accounted for plant equipment.

- Queried whether the pension scheme deficit was manageable or a significant audit risk. It was confirmed that the 2019 funding level would increase further therefore the deficit would fall over time.
- Queried why it had not been investigated as to why the North Downs Housing Scheme had not taken much money to date. It was confirmed that benchmarking schemes such as North Downs Housing was not within the scope of Grant Thornton's work. The primary concern with the statement was that it was complete. The management disclosed the assets and profit made but did not assess whether it was on track or not. Noted that in the context of the original business plan, it was acknowledged that North Downs Housing was not going to make a profit for 5 years. However, the scheme had not been able to purchase as many properties as anticipated and therefore an internal audit had been requested by the Director of Finance.
- Concerned about the strain placed upon the financial team in the preparation of the financial statement when Future Guildford was taking place and the added burden of assisting in two separate elections along with the introduction of a new financial system. On reflection, the Council would have benefitted from the recruitment of agency staff during this time.

The Committee

RESOLVED:

To approve the Annual Audit Report 2018-19.

Reasons for Recommendation:

To approve the Annual Audit Report 2018-19.

## **CGS24 POTENTIAL IMPACT OF EU EXIT ON THE COUNCIL**

The Committee considered a report on the potential risks and arrangements for monitoring and managing the potential impact on the Council of the UK leaving the EU on 31 October 2019, or some other date with or without a withdrawal agreement.

Since March, the Council was more informed on some of the detail in relation to Brexit. This report aimed to set out the risks economically but most importantly to Guildford Borough Council's services. Contingency plans had been put in place particularly to assist the vulnerable people in our borough as well as managing anticipated problems with the fuel supply chain. The Council currently employed approx. 10% of EU nationals who will be applying for British Settled Status. Historically, the Council had used a lot of agency staff but were now seeking to recruit UK based employees.

Waste services only had enough fuel in reserves to operate over a 10-day period. Waste collections and particularly garden waste collections would be reduced. Of greater concern was the effect upon the elderly and those in residential homes. The Council was therefore working with Surrey County Council, the NHS and the Police on how to most effectively assist the vulnerable via a coordinated response. Those people suffering from food poverty in Guildford were also a highly vulnerable group. Additional funding had been secured by government to assist the Council and discussions were currently being held on how best to use that money.

During the debate, the Committee made the following comments:

- Concerned regarding the anticipated gridlock on the roads from Guildford to Dover and noted that the Council was working with Surrey County Council regarding the impact upon traffic flows and putting in place plans to effectively manage it.
- Noted that a contingency plan was currently being worked on with managers and the Leader of the Council was involved with that.

- In relation to housing development, if Brexit were implemented there would be a fall in house prices as well as a loss of labour to build houses. It was noted that some developers were already drawing back from their housing delivery requirements. It was noted that the government had not yet introduced any relaxation in legislation in relation to housing delivery requirements.
- With potential shortages of food in supermarkets, people would therefore be less inclined to donate to food banks.
- Welcomed the fact that Guildford Borough Council was in a robust position given it was not reliant upon direct funding from the European Union (EU).
- Nationally, central government would have to look at how funding was secured in the future and was therefore concerned about how the Local Enterprise Partnership (LEP) funding might in turn be affected.
- Noted that Guildford Borough Council as part of its emergency planning had prepared to receive less and less from central government so that it could become self-sufficient.
- Noted that the government had given funds of up to £35,000 to the council in the form of a grant in the event of Brexit. Surrey County Council would receive more funding owing to the range of services it ran. The financial risks associated with Brexit were aligned to a recession with loss of income anticipated from fees and charges, an increase in homelessness expenditure. The emergency reserve fund equated to 3.7 million which the council may have to use in order to ensure a balanced budget was achieved.
- Any information stored in a cloud on IT systems would no longer be permitted if the UK came out of the EU. A new data centre was therefore being devised to overcome this issue.
- The Chief Internal Auditor met with all the other Surrey Authorities, Police and NHS representatives on a weekly basis as well as working with council managers on developing a robust contingency plan in the event of Brexit.
- Concerned that Parish Councils should be briefed on how to most effectively help their community in relation to any negative effects resulting from Brexit.

The Committee

RESOLVED:

That the report outlining the potential risks and arrangements for monitoring and managing the potential impact on the Council of the UK leaving the EU be noted.

Reason for recommendation

To enable the Committee to consider the potential risks arising from leaving the EU and the scope of the project plan to mitigate or address the risks.

**CGS25 FINANCIAL MONITORING 2019-20 PERIOD 4 (APRIL TO JULY 2019)**

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

The report set out the projected outturn position on the Council's general fund revenue account, based on actual and accrued data for the period April to July 2019. Officers were projecting an underspend of £685,082 which included a £513,802 underspend on all services and a £171,280 reduction in dept repayment as a result of last year's slippage on the capital programme.

In relation to the Housing Revenue Account, a slightly higher projection was anticipated of £18,000 due to an increase in repairs, maintenance and staffing costs.

A projected spend of £82.5 million was anticipated to be spent on the Council's capital schemes by the end of the financial year. The expenditure was higher than it had been for many years due to delivering the Council's capital programme in the form of the rebuild of the Guildford Crematorium and the Slyfield internal road.

The Council held £99.2 million of investments and £231.9 million of external borrowing at 31 July 2019, which included £192.9 million of HRA loans. The Committee noted that the Council had complied with its Prudential Indicators in the period, which were set in February 2019 as part of the Council's Capital Strategy.

Comments from the Committee raised the following points:

- Noted that people were not using off-street parking owing to uncertain economic times caused by Brexit.
- Noted that the Future Guildford project had secured £400,000 of additional funds for the Council.
- In relation to the variance in investor saving, it was noted that the Council had to pump prime to deliver savings down the line. The purpose of the reserve was to deliver savings. Had £814,000 available throughout the year but had only used £163,000, so a good saving had been achieved overall.
- Considered the definition of an in-house investment and noted that at the end of the last financial year £5 million pounds worth of funds had been disposed of which was transferred around different accounts so to make best use of it.
- Queried why from 2020 no S106 funding had been factored in and whether that needed to be revisited? It was confirmed that it was difficult to provide a projection of funding achieved by S106 contributions as no standard charge was applied across the borough. Instead, S106 monies were dependent upon negotiations with developers and what could be achieved on specific sites.
- Concerned that the Council had borrowed a lot of money and was not clear from the report which big projects had been paid for? The Committee was referred to the liability benchmark graph, based upon what was in the capital programme at the time, an assumption of £10 million pounds worth of capital projects was made. Borrowing on the general fund had only been undertaken in the last few years. G-Live for example had been paid for out of capital reserves and receipts. The main source of debt was in relation to the Housing Revenue accounts and the Council took a strategic decision to service the debt only. SARP was building an asset and therefore the debt would eventually be turned into an equity.
- Queried whether the cost of filling vacant posts with contract labour would cost the Council a premium. It was confirmed that the Future Guildford programme had created a unique position in that some posts had been removed entirely and therefore monies had been saved. Agency staff would be used in the interim until the long-term structure of the Council was confirmed.

Having considered the report, the Committee

RESOLVED:

That the results of the Council's financial monitoring for the period April to July 2019 be noted.

Reason:

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

## **CGS26 FREEDOM OF INFORMATION COMPLIANCE UPDATE**

The Committee received a report which considered the Council's performance in dealing with Freedom of Information (FOI) and Environmental Regulations (EIR) requests.

The Committee noted that in 2019, as of 30 June there had been:

- 396 Freedom of Information/Environmental Information requests, of which
- 378 were dealt with under the Freedom of Information Act 2000 (FOI)
- 18 were dealt with under the Environmental Information Regulations 2004 (EIRs)

As at 19 September 2019, the total number of FOI requests received was 650, and annually the Council expected to receive between 700-800 requests in total. The Council's performance rate for delivery of FOIs/EIRs currently stood at 93.5% and had exceeded the Key Performance Indicator (KPI) of 90% set by the Corporate Management Team had therefore been exceeded. 92% was the figure for this time last year. Finance had received the most requests with a total of 109 which equated to 30% of the total requests received. The best performing directorate was Planning with 100% of requests being answered within the 20-working day time scale. Out of the 30 service areas which received FOI/EIR requests during the period covered, 18 had responded to 100% of requests in time which meant that 60% of service areas had a 100% FOI compliance rate. Of the service areas, Planning and Business Rates received the most requests with 48 and 41 each respectively. Both areas also scored an impressive 100% compliance rate.

The most frequently used exemption under the Freedom of Information Act was section 21 (which applied when the requested information was available by other means), which was used on 37 occasions to date this calendar year. Most of the requests were for information already published on the Council's website.

A section 31 was the next most commonly applied exemption, when the request consisted partially or completely of personal data which was used 13 times.

A total of eight FOI/EIR requests so far this year had gone to internal review stage. In seven of those cases, the original decision was either partly or completely upheld.

The Committee made the following comments:

- If the public were unhappy with the response received from the Council, noted that the Independent Commissioners Office (ICO) was the independent body by which an appeal could be made.
- Noted that Financial Services and Fleet and Waste Services had achieved 69% and 65% response rate. This was dependent upon the complexity of the queries raised and an average of 3 queries were raised per day.

Having considered the report, the Committee

RESOLVED: That it noted the officer actions and continued to receive six monthly updates.

Reason for Recommendation:

To ensure the Council continued to meet and, wherever possible, exceed the 90% compliance target.

**CGS27 GENERAL DATA PROTECTION REGULATION (GDPR) UPDATE**

The Committee considered a report on the General Data Protection Regulation (GDPR), replacing the Data Protection Act 1998, which came into force in May 2018, and set out how organisations could collect and use personal data. The GDPR applied to organisations that provided goods or services to individuals in the EU. This included organisations outside the EU that wanted to provide goods or services within the EU. The GDPR (and the new law, Data Protection Act 2018) will continue to apply in the UK after the UK leaves the EU.

The Committee noted that the Council had successfully completed a GDPR compliance/transition programme. A new section on the Council's intranet pages had been created and included the following:

- Data Protection Policy 2018
- Revised Records Retention & Disposal Schedule
- Councillor ICT Policy
- Data Breach Response & Notification Policy
- ICT Users Policy
- Information Systems Security Policy
- GBC Mitel Softphone Policy
- GBC Firewall Policy Review

The Council had also achieved Cyber Essentials certification – a status which provides a level of assurance to the public around information security which was approved by the National Cyber Security Centre (NCSC).

Monthly security patching was now in place on all computer servers. A new system which scanned the internal network for vulnerabilities was now in use.

GDPR training was also delivered to the new intake of borough councillors and parish councillors May-July 2019.

The Council had also procured a SIEM (Security Information and Event Management) solution which delivered real time threat protection, incident response and compliance management.

The Committee made the following comments:

- Commended the level of protection the Council had achieved in terms of GDPR compliance.

Having considered the report, the Committee,

RESOLVED: That it notes the officer actions and continued to receive updates on a monthly basis.

Reason for Recommendation:

To ensure the Council continued to comply with GDPR legislation.

**CGS28 COUNCILLOR TRAINING AND DEVELOPMENT UPDATE**

The Committee received the annual report on the councillor training and development work that had been undertaken by the Councillor Development Steering Group to date. This included the following:

- A comprehensive induction programme that ran from May-July 2019 for all newly elected councillors.
- All councillors had been asked to complete their Personal Development Plans (PDPs) by no later than Friday 4 October 2019. A 60% response rate was required for the Charter for Elected Member Development.
- Bite-sized training continued to be provided prior to Planning Committee meetings.
- A dedicated learning and development space on the Council's website had been created which was password protected. Links to webcasts of training were detailed here along with any learning materials such as powerpoint presentations.
- We were currently exploring new online training resources given we had terminated our contract with Learning Pool owing to the high cost of £8,000 per year as well as following feedback from councillors that the site was difficult to navigate.

- Guildford had achieved full accreditation under the Charter in 2013 and was successfully reaccredited in 2016. Guildford also successfully completed the 18-month interim assessment on 11 June 2018 and therefore demonstrated that we continued to meet the standards required of the Charter. The Council will be due to undertake another full reassessment on 15 January 2020.

Having considered the report, the Committee

RESOLVED: to note the valuable work being undertaken by the Councillor Development Steering Group in developing a clear structured plan for councillor development that responded both to the Council’s corporate priorities and councillors’ individual training needs.

Reason for Recommendation:

To recognise the important and ongoing work of the Councillor Development Steering Group.

**CGS29 WORK PROGRAMME**

The Committee considered its updated 12 month rolling work programme and noted that reports in relation to GDPR had been received both in January and March when it was meant to be every 6 months.

The Committee also noted that the Annual Audit Letter would not be considered at their next meeting in November 2019.

The Committee,

RESOLVED: to note its work programme.

Reason for Recommendation:

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

The meeting finished at 8.35 pm

Signed .....

Chairman

Date .....