

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

24 March 2022

- * Councillor George Potter (Chairman)
- * Councillor Deborah Seabrook (Vice-Chairman)
- * Councillor David Goodwin
- Councillor Nigel Manning
- * Councillor Susan Parker
- Councillor John Redpath
- * Councillor James Walsh

Independent Members:

Mrs Maria Angel MBE
Mr Murray Litvak

Parish Members:

* Ms Julia Osborn
* Mr Ian Symes
Mr Tim Wolfenden

*Present

Councillor Tim Anderson was also in attendance. Councillors Julia McShane and Cait Taylor attended the meeting remotely.

CGS55 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Nigel Manning and John Redpath, and from Maria Angel MBE, Murray Litvak, and Tim Wolfenden.

Councillor Ruth Brothwell substituted for Councillor John Redpath.

CGS56 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS57 MINUTES

The minutes of the meeting of the Committee held on 20 January 2022 were approved as a correct record. The Chairman signed the minutes.

CGS58 INTERNAL AUDIT PROGRESS REPORT (INCLUDING THE HEAD OF INTERNAL AUDIT OPINION 2021-22 AND INTERNAL AUDIT PLAN 2022-23)

The Committee considered a report on progress made by the Council's internal audit manager (KPMG) on their internal audit plan for 2021-22, which included a summary of the work that they had concluded since the previous report to Committee, together with details of the final three internal audit reports for 2021-22 as follows:

- Follow-up reviews from all five amber/red rated reports made in 2020-21.
- CIPFA financial management compliance (assessed as amber/green)
- Effectiveness of this Committee as an audit committee (assessed as amber/green)

In relation to the follow-up reviews, KPMG reported that 13 of their recommendations had not yet been fully implemented, and management had proposed revised due dates for all 13 of those management actions, which would be followed by KPMG during 2022-23.

Following completion of all the programmed activities in the internal audit plan for 2021-22, KPMG had also produced their Head of Internal Audit Opinion for 2021-22, for which partial assurance had been given based on the activities of the year and which reflected the ongoing challenging environment against which the Council was operating. Whilst KPMG had identified good examples of strong controls during the year, COVID and accommodation of the

Business World implementation were still presenting issues that were impacting on the overall system of internal control.

KPMG had also presented their proposed Internal Audit Plan for 2022-23 for the Committee's approval.

In debating this item, the Committee raised the following points:

- In response to a concern regarding the need for a flexible approach to the audit plan for 2022-23, bearing in mind the structural changes that the Council was going through and the financial consequences of those changes, KPMG confirmed that the audit plan would be kept under review on a quarterly basis to ensure that forthcoming audit reviews were relevant. Any proposed changes to the plan would be referred to the Committee for approval.
- In relation to the overdue recommendation on timely completion of bank reconciliations and in response to a request for further information regarding the issues with Business World, the Director of Resources confirmed that the automated bank reconciliation module had been implemented in July 2021, implementation of Income Manager had commenced, with other modules scheduled for implementation in the near future. Bank reconciliations were being brought up to date and were currently two months behind with that work.
- A request for an interim report from management on progress with implementation of audit recommendations, particularly in relation to the audit review on Safeguarding which had been reported to the Committee in November 2021.
- It was noted that KPMG's review of the effectiveness of the Committee had concluded with a significant assurance with minor improvements required. In terms of taking the recommendations forward, it was proposed that, in addition to the formal minutes, a decision and action tracker would be included on every Committee agenda in future.
- In response to a request for guidance on reporting annually to the Council on the work and effectiveness of the Committee, KPMG advised that Committee members should be surveyed to answer a series of questions around how well, or otherwise, the Committee had performed throughout the year and the survey results carried through to the annual report to provide an overall view of the Committee's performance. The annual report should provide a review of the past year's activities in terms of the extent to which the Committee had discharged its responsibilities as set out in its terms of reference. Arising from such a review, it should then be possible to identify a forward work plan for the year ahead.
- In terms of the recommendation relating to the knowledge and skills framework against which Committee members should be assessed, KPMG had advised that CIPFA had publicly available guidance setting out the core skills of an Audit Committee member. This would be taken up with the Councillor Development Steering Group, which provided the oversight of training and development for councillors, to arrange a skills assessment for Committee members, and arrange appropriate training to address skills and knowledge gaps arising from the assessment.
- It was suggested that if the Committee's performance was to be assessed against how well it discharged its responsibilities set out in its terms of reference and given KPMG's recommendations in respect of two additions to the terms of reference in respect of accountability to the full Council and provision of a statement of purpose, the opportunity could be taken to review the terms of reference as a whole. To that end, the Committee agreed that the Corporate Governance Task Group should review the terms of reference and report back to the Committee.
- In relation to the Internal Audit Plan for 2022-23, the inclusion of reviews of S.106 Contributions and Regeneration were welcomed

The Committee

RESOLVED:

- (1) That the Internal Audit Progress Report to March 2022, attached as Appendix 1 to the report submitted to the Committee, together with the key findings from the reviews undertaken since the last report to the Committee be noted, subject to the comments referred to above and the following further actions:

Action:	Officer to action:
To submit an interim report to the Committee from management on progress with implementation of audit recommendations, particularly in relation to the audit review on Safeguarding which had been reported to the Committee in November 2021.	Director of Resources
To include a decision and action tracker on every Committee agenda in future.	Democratic Services and Elections Manager
To ask the Councillor Development Steering Group to arrange a skills assessment for Committee members and arrange appropriate training to address skills and knowledge gaps arising from the assessment.	Democratic Services and Elections Manager
To arrange for the Corporate Governance Task Group to review the Committee's terms of reference and report back to the Committee.	Democratic Services and Elections Manager

- (2) That the Head of Internal Audit Opinion, attached as Appendix D to the Internal Audit Progress Report, be noted.
- (3) That the Internal Audit Plan for 2022-23, attached as Appendix E to the Internal Audit Progress Report, be approved.

Reason:

To ensure good governance arrangements and internal control by undertaking an adequate level of audit coverage.

CGS59 GENDER PAY GAP REPORT 2022

The Committee was informed that the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 imposed obligations on employers with 250 or more employees to publish information annually relating to the gender pay gap in their organisation. In particular, employers were required to publish, amongst other information, the difference between the average hourly rate of pay paid to male and female employees; and the relative proportions of male and female employees in each quartile pay band of the workforce.

The Committee therefore considered Guildford's Gender Pay Gap Report for 2022, which would be published on the Council's website and on a publicly accessible Government website and retained for a period of three years.

The figures in the Report, which were based on hourly rates of pay, showed that:

- the Council's female employees had an average hourly rate that was 8% higher than male employees' hourly rate; and
- at the mid-point within the range of hourly earnings that the Council paid its employees, female employees had an hourly rate that was 13% higher than male employees' hourly rate.

The main reason for this gender pay gap was an imbalance of male and female colleagues across the services as there was a much higher proportion of men working in the Waste Operations and Parks & Street scene Services. Many of the roles within those services fell within the lower pay bands.

During the debate a request was made for comparative data, in future years' Gender Pay Gap Reports, of how Guildford had performed nationally in respect of the gender pay gap, and in respect of those employees in the lower quartile, a breakdown as to the number of full time, part time, and outsourced workers. The Lead Specialist (Human Resources) confirmed that this could be provided.

The Committee

RESOLVED: That the Gender Pay Gap Report for the year 2022, attached at Appendix 1 to the report submitted to the Committee, be noted, subject to the following further actions:

Action:	Officer to action:
To provide comparative data, in future years' Gender Pay Gap Reports, of how Guildford had performed nationally in respect of the gender pay gap, and in respect of those employees in the lower quartile, a breakdown as to the number of full time, part time, and outsourced workers	Lead Specialist (Human Resources)

Reason:

To comply with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

CGS60 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 2021.

The Committee noted that during this period, there had been 14 complaints in total, all of which involved borough councillors.

Seven of the complaints had failed the initial jurisdiction test, none had proceeded to investigation; two were subject to no further action at initial assessment stage and five were subject to informal resolution. There were six ongoing complaints at the time of writing the Annual Report.

By way of comparison and to put the statistical information on the number of complaints received into context, the Supplementary Information sheet circulated at the meeting noted that the number of misconduct allegations received by the Monitoring Officer over the past three years was as follows:

Year	Total received	Borough Councillors	Parish Councillors
2019	8	8	0
2020	17	9	8
2021	14	14	0

The Monitoring Officer reported on two common themes relating to the complaints received:

- the use of social media in relation to the complaints, and
- the use of inflammatory language being used by Councillors on social media and emails leading to complaints.

The Committee expressed disappointment that the use, or misuse, of social media was a recurrent theme bearing in mind the Social Media Guidance for Councillors that the Corporate Governance Task Group had drafted, that the Committee had endorsed, and that the Executive had adopted in 2020.

The following points were raised by the Committee in the debate:

- A request that future Annual Reports set out the comparative statistical information in respect of misconduct complaints for the previous three years.
- A further request that the table setting out details of the decisions taken in relation to allegations of misconduct appended to the report should include an additional column showing the date of file closure; and where the matter was still ongoing, the reason(s) for this.
- The Chairman requested clarification as to whether the six ongoing complaints were included in the 14 complaints received overall, or whether they related to complaints from previous years.
- In response to concerns over actions that could in circumstances where councillors were being harassed or intimidated by members of the public, councillors were advised to contact the Monitoring Officer for advice and assistance. It was noted that Surrey Police had previously advised councillors on personal safety where they had received threats or intimidation.

The Committee therefore

RESOLVED: That the cases referred to the Monitoring Officer under the Council's arrangements for dealing with allegations of misconduct for the period 1 January to 31 December 2021, be noted subject to the comments referred to above and the following further actions:

Action:	Officer to action:
To provide, for future Annual Reports: (a) comparative statistical information in respect of misconduct complaints for the previous three years, and (b) in the table setting out details of the decisions taken in relation to allegations of misconduct an additional column showing the date of file closure; and where the matter was still ongoing, the reason(s) for this.	Monitoring Officer
To clarify whether the six ongoing complaints stated in the report were included in the 14 complaints received overall in 2021, or whether they related to complaints from previous years.	Monitoring Officer

Reasons:

- To ensure members of the Committee and others to whom the report is circulated are kept up to date with standards complaints received and enable them to consider learning points for the future.
- To seek to promote and maintain high standards of conduct amongst Members.

CGS61 FINANCIAL MONITORING REPORT (APRIL 2021 - JANUARY 2022)

The Committee considered the latest financial monitoring report, which summarised the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for the period April 2021 to January 2022.

Officers were projecting an underspend on the general fund revenue account of £229,000. This figure included the final element of the in-year savings plan to redeem the Council's holding in

the M&G Global Dividend Fund as investment income (£1.306 million). However, there was still expected to be shortfalls around expectations of budgeted income.

The direct expenditure incurred by the Council on Covid-19 in the current financial year currently stood at £334,454. The Council had received a non-specific Covid-19 grant of £622,690 to finance direct Covid-19 costs for 2021-22.

The indirect costs of Covid-19, particularly the loss of income, were reflected in the services forecasting. The Council had made a claim for some of the income loss for the months of April to June, under the Sales, Fees and Charges (SFC) compensation scheme totalling £1.45 million. This was currently included within the projection. Officers were currently projecting a loss of income for the full year of around £4.2 million. At present the Government did not have any plans to extend the SFC compensation scheme further.

The Council was currently forecasting to have £51.6 million in reserves at the end of the year, of which £10.64 million was usable.

A surplus on the Housing Revenue Account would enable a projected transfer of £8.4 million to the new build reserve and meet the forecasted £2.5 million to the reserve for future capital at year-end.

Progress against significant capital projects on the approved programme as outlined in section 7 of the report was underway. The Council expected to spend £59.74 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 £28.98 million by 31 March 2022, against an estimated position of £94.59 million. The lower underlying need to borrow was a result of slippage on both the approved and provisional capital programme as detailed in paragraphs 7.3 to 7.6 of the report.

The Council held £212 million of investments and £332 million of external borrowing on 31 January, 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 2021 as part of the Council's Capital and Investment Strategy.

In considering this report, the Committee made the following comments:

- In response to an enquiry, in the context of outstanding sundry debts, as to whether the Council had contingencies in place to assist those in financial hardship, including support from the Government, the Director of Resources confirmed that the Local Council Tax Support Scheme would help people who were struggling to pay their council tax if they met certain criteria, and there was also a discretionary hardship fund as a fall-back. It was also noted that the Council's housing rents team were actively engaging with tenants and helping them with debt management in order to make sure that they keep up with their rent payments. Monies from the Government's Hardship Fund were paid to the County Council, who in turn channelled the funding to the districts and boroughs. This Council's allocation was passed to the Project Aspire team who had been administering a grant scheme. Details of the funding for the Ukrainian refugee scheme were emerging and it was understood that councils would receive £10,500 per household, although this would again be an allocation initially to county councils.
- In relation to the provision of a breakdown of the debt outstanding for a period of over three months (totalling £5.47 million), the Director of Resources confirmed that this information would be circulated to the Committee, together with a breakdown of the Crematorium and financial services debts. In response to a question as to the recoverability of those debts, the Director was confident of recovering a relatively high percentage of them.

- In response to a request for information as to arrears of Council Tax, the Director of Resources confirmed that details would be circulated to the Committee.
- In relation to the underspends of grant income in the table of variances at service level items, it was noted that these would be transferred to reserves at the year-end and then spent in the following year and shown as a carry forward in the revised budget for the next financial year.
- In response to ongoing concern over the significant variance between expected expenditure on the capital programme (£46.56 million) compared to the revised estimate of £88.18 million, the Director of Resources confirmed that in relation to strategic property acquisitions, the Council had repurposed that budget to focus investment in the redevelopment of the Council's industrial estates rather than the purchase of property. The Council was monitoring progress with major capital projects through the Major Projects Programme Board. The project and programme governance arrangements introduced over the past two years also meant that there was now more oversight, transparency and rigour in monitoring progress of major capital projects. It was felt that the original profiling of budgets for certain capital schemes might have been overambitious. The Director reported that the Executive would be re-evaluating the value for money in respect of a number of schemes in due course.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April 2021 to January 2022 be noted, subject to the comments referred to above and the following further actions:

Action:	Officer to action:
To provide and circulate to the Committee a breakdown of the debt outstanding for a period of over three months (totalling £5.47 million), together with a breakdown of the Crematorium and financial services debts.	Director of Resources
To provide and circulate to the Committee details of the amount of arrears of Council Tax.	Director of Resources

Reason:

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

CGS62 WORK PROGRAMME

The Committee considered its updated 12 month rolling work programme and noted that the audit of the 2020-21 accounts was still ongoing due to a variety of factors, which were set out on the Supplementary Information Sheet. The Committee noted that many councils across the country were facing audit delays with only 1 in 10 audits having been completed by the deadline for the 2020-21 accounts. Audit completion rates across the country were significantly lower than in previous years.

Whilst the auditors would be continuing their work on the audit during April, it was noted that if the audit was not completed by the end of April, then it would be delayed until at least July, for the reasons stated.

As such the 2020-21 audited statement of accounts, external audit findings report, and the external audit plan for 2021-22 would be marked as "Unscheduled" on the work programme, until further notice. It was noted that the Committee had held its annual private meeting with Grant Thornton immediately prior to this meeting, at which concerns were expressed as to the ongoing delays in completing the audit of accounts. The Committee felt that the external auditors should nevertheless submit an update on progress with the audit of the 2020-21 accounts to the 21 April 2022 meeting, setting out details of the audit work undertaken, and the

work still to be done, the timescale for completion of the audit, and any impact of the delay in respect of subsequent years' audits.

In relation to the Committee's request earlier in the meeting about receiving an interim audit report on progress with the outstanding matters identified by KPMG in their follow-up reviews, particularly in relation to safeguarding, it was suggested that this should be marked as "Unscheduled" and reviewed again at the next meeting to establish a meeting at which the report could be considered once the timescales for implementing the actions were understood.

Accordingly, the Committee

RESOLVED: That the updated 12 month rolling work programme, as set out in Appendix 1 to the report submitted to the Committee and subject to the changes referred to above, and to the further action listed below, be approved.

Action:	Officer to action:
To mark the 2020-21 audited statement of accounts, external audit findings report, and the external audit plan for 2021-22 as "Unscheduled" on the work programme	Democratic Services & Elections Manager
To provide an update on progress with the audit of the 2020-21 accounts to the next meeting of the Committee on 21 April 2022 meeting setting out details of the audit work undertaken, and the work still to be done, the timescale for completion of the audit, and any impact of the delay in respect of subsequent years' audits.	Director of Resources/ Grant Thornton
To mark as "unscheduled" the interim audit report on progress with the outstanding matters identified by KPMG in their follow-up reviews, particularly in relation to safeguarding, and to review again at the next meeting to establish a meeting at which the report could be considered once the timescales for implementing the actions were understood.	Democratic Services & Elections Manager/ Director of Resources

Reason:

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

The meeting finished at 8.55 pm

Signed

Chairman

Date