

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

15 May 2024

- \* Councillor Phil Bellamy (Chairman)
- \* Councillor Bob Hughes (Vice-Chairman)
  - \* Councillor Ruth Brothwell
  - \* Councillor Stephen Hives
- \* Councillor Vanessa King
- \* Councillor George Potter
- \* Councillor James Walsh

## Independent Members:

Murray Litvak

## Parish Members:

- \* Julia Osborn
- Simon Schofield
- \* Tim Wolfenden

\*Present

The Mayor, Councillor Sallie Barker MBE, the Leader of the Council, Councillor Julia McShane, the Lead Councillor for Finance & Property, Councillor Richard Lucas, the Lead Councillor for Commercial Services, Councillor Catherine Houston, the Lead Councillor for Community and Organisational Development, Councillor Carla Morson, the Lead Councillor for Regulatory & Democratic Services, Councillor Merel Rehorst-Smith, the Lead Councillor for Planning, Councillor Fiona White, and Councillors David Bilbè, Philip Brooker, Richard Mills OBE, Patrick Oven, and Joanne Shaw were also in attendance.

Councillors James Brooker, Amanda Creese, Angela Goodwin, and Catherine Young were in virtual attendance.

## **CGS1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Murray Litvak and Simon Schofield.

## **CGS2 LOCAL CODE OF CONDUCT - DECLARATIONS OF INTEREST**

There were no disclosures of interest.

## **CGS3 CORPORATE IMPROVEMENT PLAN**

The Committee noted that, on 3 January 2024, the former Chief Executive and other statutory officers commissioned the Society of Local Authority Chief Executives (SOLACE) to undertake an Independent Governance Review of

Guildford Borough Council (GBC). The scope of the review had been deliberately wide, to encompass the entirety of the Council's business, structure, processes, systems and culture.

Alongside this report, SOLACE had also been commissioned to look specifically at Guildford's housing landlord function.

The main finding of the reports, both of which were appended to the report submitted to the Committee, was that the Council was at serious risk of failing in its statutory duty to deliver Best Value. The recommendations of both reports were designed to assist the Council to avoid such a failure, and to address the issues identified.

The reports had recognised the efforts that were already underway to improve the Council's operation, and had recommended that the Council should develop a comprehensive Improvement Plan encompassing all of the recommendations within the reports.

The SOLACE reviews had also recommended that the progress of the Improvement Plan should be reported to the Council at six monthly intervals for three years.

The Joint Chief Executive and Head of Paid Service introduced the report and emphasised that he, the Joint S151 Officer and Joint Monitoring Officer, and all of the Corporate Management Board had accepted all the findings of the report, and that the situation that they described was not acceptable, and that residents and businesses deserved better. The statutory officers had all agreed that there was a problem and were united in their determination to deal with it. The proposed improvement plans were comprehensive and addressed every recommendation and finding. It was intended that the improvement plans would continue to develop and, in line with the recommendations, progress on implementation would be reported, in public, to full Council every six months and, in that regard, an independent assurance panel would be appointed to provide support and challenge, including an independent view on progress every six months, which would also be published.

The Joint Chief Executive, in commending the report to the Committee, emphasised that it was about the basics, getting the right culture, the right structure, strategic direction and values, the right governance, appropriate financial controls in order and ensuring that the Council provided the services that residents and businesses deserved and in a way that was openly and transparently value for money.

The Leader of the Council also acknowledged that the people of Guildford deserved better from their council, and that the Executive was absolutely

committed to putting right the long-standing issues which had been uncovered and that they welcomed the reports, and all of their recommendations.

During the debate, the following points were raised by the Committee and those in attendance:

Comments from non-Committee members:

- In response to a question as to whether the proposals in the Housing Sub-plan in respect of addressing performance management issues were unique to the housing team, the Joint Chief Executive confirmed that more work needed to be done to ensure that there was a clear performance management framework across the organisation as a whole.
- Support for the report and recommendations, particularly the proposed independent assurance panel.
- Query accuracy of the statement in para 12.3 of the SOLACE report that all councillors interviewed supported the collaboration with Waverley.
- Clause 8.5 of the improvement plan referred to the need for cost benefit analysis in respect of future decision-making, but there was no reference to cost benefit analysis in respect of decisions already taken, such as the decision to collaborate with Waverley. In response, the Joint Chief Executive indicated that although it would be difficult to do cost benefit analysis for all historic decisions, there was a specific action in the improvement plan to provide a full cost benefit analysis in respect of the collaboration.
- In response to a request for assurance that the Council would maintain its focus on other matters that were equally important as the proposals in the improvement plans, the Joint Chief Executive assured councillors that he was aiming for the Council to be in a position that it provided services of which residents and businesses could be proud and which were demonstrably good value for money.
- Concern that the improvement plan did not provide a broad strategic framework which the SOLACE report argued was essential. In response, the Joint Chief Executive suggested that the improvement plan should be read in the context of the six outcomes that the Council was trying to achieve, which were set out in para 7.1 of the Committee Report.
- In response to a request for clarification as to the date of the second contract made with Seville Developments, the Strategic Director of Legal & Democratic Services confirmed that the second contract was awarded on 13 June 2023, with a commencement date of 1 June 2023. It was recognised that there were some questions around the timelines, which were being addressed as part of the external senior officer investigation that had been commissioned by the Joint Senior Staff Committee.

- In response to concerns raised over the statement in the housing governance report that a staff member had indicated that 350 days was the average void turnaround for the Council, the Interim Strategic Director for Housing and Environment advised that he did not think that was necessarily the accurate information at the time in terms of average relet time, but it was certainly far longer than necessary. There had been a number of properties with structural problems requiring underpinning, which had skewed the figures. The voids team were currently working on this, and since last September, had reduced the number of empty properties for re-letting. It was noted that the second contract with Seville had included work on void properties.

#### Comments from Committee members:

- In response to a concern that whilst the improvement plan was predicated on developing councillors, no evaluation had taken place of the knowledge and skills of the current councillor base, the Strategic Director of Legal & Democratic Services confirmed whilst a skills assessment could be carried out amongst councillors, careful thought would need to be given to avoid the potential for conflicts around roles and responsibilities. The Joint Chief Executive had sought comments from the SOLACE team regarding para 7.11 of their main report on the varying levels of experience among councillors following the Borough Council Elections in May 2023 and it was suggested that the induction programme and training offered to councillors might not have been to a level or quality sufficient to enable councillors to understand what was required of them.
- The suggestion in para 9.11 of the SOLACE report that the award of contracts should be monitored robustly and reported regularly to Members, implied that councillors required training on procurement skills. In response, the Strategic Director of Legal & Democratic Services indicated that councillors should rely on officers to provide professional advice on procurement and for them to be taking responsibility and accountability for contract management and to raise with members where greater decision-making was required around contracts, for example around any requirement for additional budgets. The Strategic Director of Finance informed the Committee that a new and very experienced Head of Procurement would start on 17 June who would be able to deliver training on procurement to both councillors and officers. The Joint Chief Executive noted that the point raised in para 9.11 was that given the size of the overspend on the Seville contracts as reported, officers did not have the right processes in place to notice the overspend so that it could have been reported to members in a timely manner. That linked specifically to the recommendation around the establishment of a separate audit committee.

- In response to a request for clarification on the type of average used to measure void turnarounds, it was noted that taking the mean average was the sector standard. It was suggested that in future the Council could make a distinction between void properties requiring major works and those requiring minimal work to enable them to be relet earlier.
- In response to comments regarding new member induction and ongoing training, the Strategic Director of Legal & Democratic Services informed the Committee that it was intended, as part of the improvement programme, to review the member development programme.
- Encouraging that the SOLACE report recognised that the building blocks of good governance were already in place.
- Clarification of councillors' role and organisational culture was required in order to ensure that councillors focused on strategic decision-making and direction rather than operational details. Councillors should be seen as generalists, not specialists. The Strategic Director of Legal & Democratic Services agreed that there was currently an insufficient shared understanding of the roles and responsibilities between councillors and officers and noted that some training in that regard had been arranged, details of which would be circulated to all councillors shortly. In terms of the legitimate role of Councillors challenging officers it was suggested that the recent changes to overview and scrutiny at the Council would be helpful in terms of more proactive scrutiny, adding value to decision-making as well as holding decision-makers to account. Another initiative which would provide greater member involvement in decision making was the current review of the scheme of delegation to officers, the thrust of which was to bring the making of all key decisions to councillors. The review was being considered by the Joint Constitutions Review Group, the outcome of which would be reported to this Committee for recommendation to full Council.
- In response to concerns as to whether the Council had the capacity to implement the proposed improvement plan, the Joint Chief Executive was confident, with the additional resources that had been brought in to deliver the necessary changes, that the plan was deliverable. In terms of how the improvements would be embedded into the organisation, the Strategic Director of Finance, Strategic Director of Legal & Democratic Services, and Interim Strategic Director of Housing and Environment indicated how, with the additional resources provided for them, they had already made changes within the finance, governance and housing areas by establishing best practice and documenting clear and sustainable procedures moving forward.
- It was suggested that in addition to the proposed six-monthly report to full Council, there ought to be a more frequent update for councillors on progress with implementation of the improvement plan. In response, the

Joint Chief Executive committed to providing a monthly update on progress to councillors by email.

- It was also suggested that holding an all councillor briefing on the SOLACE reports might be beneficial.
- Concern from a parish perspective of the impact of the Council's financial mismanagement on local services. Poor governance across Council departments had been a major concern for some time with a culture of complacency amongst councillors, with no appetite for change. The culture of poor governance was a point referred to in the SOLACE Housing Governance Review. In response to a question as to how members of this Committee, parish councils, and the public could feed their concerns regarding the issues raised in the reports and what measures would be put in place to respond and ensure that there was accountability going forward, the Joint Chief Executive accepted and agreed that there was a need for accountability and noted that getting governance processes right required a fundamental examination of what was the right way to make decisions, to ensure that those making them are directly accountable and making it clear as to where the delegations are. This would require a culture change for everyone to ensure that we are clear about the values we uphold, and that we are all here to serve residents and businesses and to make Guildford a great place to live, work and do business. The Joint Chief Executive noted that the Council's corporate values, to be published this month, would emphasise value for money, the Nolan principles, the importance of building trust and looking outwards and partnering with parish councils and with our communities.
- The Strategic Director of Legal & Democratic Services informed the Committee that the review of the scheme of delegations currently being undertaken would be accompanied by a decision-making protocol the ethos of which would be officers would not be able to make decisions in somebody else's name. Although senior officers could, in certain circumstances, make sub-delegations to their direct reports whom they consider have the necessary competencies, skills and expertise to exercise those delegations, details of the sub-delegations would be recorded and registered in a transparent way.
- Support for a separate audit committee, which would ease the workload of this Committee, and enable a greater focus for audit related matters.
- In response to a question, the Strategic Director of Finance confirmed that the matters outstanding within the current Financial Recovery Plan would be subsumed within the corporate improvement plan with oversight from the Independent Assurance Panel, and that key financial controls were being embedded into our processes and procedures as they were being reviewed. Budget monitoring had to be addressed in the early stages of the Financial Recovery Plan commencing last September, and the Council was

now at a stage where budgets are routinely monitored on a monthly basis and published on the website. As that had been addressed, it did not appear in the Corporate Improvement Plan.

- Support for the need for all parties to come together to support the improvement plan, which must be led by the administration in an open and transparent way. The Joint Chief Executive welcomed the commitment of all members to work together to deliver the improvement plan and indicated that he wished to be in a position to state how each pound of taxpayers' money was spent in order to demonstrate value for money.
- Support for greater transparency over procurement procedures in terms of information provided to members.
- Provision of a full cost benefit analysis of the collaboration with Waverley in order to establish the effectiveness of the collaborative working arrangements was welcomed.
- It was suggested that there had been a complacency around the strategic direction and governance of the Council. There had been a corporate peer review of the Council in 2018 which had identified a weakness in governance and organisational development, and a £10million budget gap. The Future Guildford programme was critical to delivering the necessary savings. There had not been a report back to Council on the implementation of recommendations from that peer review. During the previous administration there had been financial reporting issues around the completion of accounts on time. The collaboration with Waverley and restructuring of the joint management team had led to the identification of these issues, and establishment of best practice, as well delivery of substantial savings in senior management costs.
- In relation to housing, concerns were expressed regarding the failures in procurement and governance that had allowed the vast bulk of the increased investment in the housing stock to either be misdirected or not spent on what actually needed to be done. There was concern also over key software systems not communicating with financial reporting systems, and not being replaced, updated or actively supported by the provider. Further concerns were raised regarding the average cost of repairing void properties was £30,000, compared with Waverley's average of £5,000 and governance around contract management.
- In response to questions as to how much money the Council has lost as a result of the housing maintenance issue, and whether the overspending on the contracts had been flagged up by the introduction of financial controls in 2023 or by the whistleblowing reports received in 2022 and 2023, or whether they were independent of each other, the Strategic Director of Legal & Democratic Services confirmed that there had been a whistleblowing matter raised in September 2022, which had been investigated, but that the actions following that investigation were the

subject of the separate investigation commissioned by the Joint Senior Staff Committee. Other whistleblowers came forward in the summer of 2023 at a similar time to some awareness of the overspend on the contracts, so the action around that time was probably independent of the first whistleblowing matter. The Strategic Director of Finance confirmed that the Council had been £17.5m overspent on the contracts, but that there were over 9,000 jobs undertaken in respect of those contracts, some of which were legitimate and had been undertaken to a reasonable standard, but others which should appropriately have been carried out as part of a future programme, or had not been carried out at all or had not been undertaken to standard. Consequently, it had not yet been possible to quantify exactly any loss.

- It was noted that the submission of the SOLACE reports had predated the changes to the Committee structure recently approved by the Council, including changes to the terms of reference of this Committee which transferred the reporting of certain matters to the Resources Overview and Scrutiny Committee. which had previously restricted the Committee's time to focus on audit related matters. It was suggested therefore that it would be a mistake to rush into setting up a separate audit committee on the basis of recommendations which predated a major change in the remit of this Committee.

Having considered the report, the Committee

RESOLVED: That full Council be recommended:

- (1) To note and endorse the findings of the two SOLACE reports, attached as Appendices 1 and 2 to the report submitted to the Committee.
- (2) To endorse and adopts the Improvement Plan, including the Housing sub-plan, attached at Appendices 3 and 4 to the report.
- (3) To note that the Improvement Plan (Appendix 3), along with the Housing sub-plan (Appendix 4), addresses each and every recommendation and finding from the two SOLACE reports and, in some areas, goes further.
- (4) To agree that the intention of the delivery of the Plan is to enable Councillors to have confidence that we are delivering best value for Guildford's residents and businesses.
- (5) To note that the Chief Executive and Corporate Management Board will be accountable for the delivery of the plan.
- (6) To agree to receive updates on the delivery of the Improvement Plan, and progress on addressing the recommendations, every six months for three years.
- (7) To agree, in line with the recommendations from SOLACE, to the appointment of an Independent Assurance Panel to provide an independent "critical friend" challenge to the Council.



- (8) To agree to that panel being appointed by the Chief Executive, noting that it is likely to include at least two lead members of the SOLACE review team (Andrew Flockhart and Chris Buss), and that having carried out the review, these experts have a detailed understanding of the issues facing GBC, and are well-placed to advise the Council on whether the actions being taken address the concerns identified.
- (9) To note that the panel itself will also provide an independent view to the Council, on a six-monthly basis, about the progress of improvements. These reports will be made public.

Reasons:

- To ensure the Council is aware of, and has had the opportunity to endorse, the findings and recommendations of both SOLACE reviews.
- To advise the Council of the steps that have already been taken by the Chief Executive, Corporate Management Board and other colleagues to respond to those findings and recommendations.
- To ensure the Council is aware of, and has had the opportunity to endorse, the arrangements that will be put in place to ensure regular, open and transparent reports on progress, as well as open, transparent and independent oversight.

<b>Action:</b>	<b>Officer to action:</b>
To ensure that the committee's comments and recommendations are passed to full Council when it considers this matter.	Democratic Services & Elections Manager

The meeting finished at 9.15 pm

Signed .....

Date .....

Chairman