

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

15 June 2017

* Councillor Gordon Jackson (Chairman)

* Councillor Jo Randall (Vice-Chairman)

* Councillor Alexandra Chesterfield

Councillor Colin Cross

* Councillor Mike Hurdle

Councillor Nigel Kearse

Councillor Nigel Manning

Mrs Maria Angel

* Mr Charles Hope

Ms Geraldine Reffo

* Mr Ian Symes

*Present

CGS1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Colin Cross, Nigel Kearse and Nigel Manning and from Mrs Maria Angel.

Councillors David Goodwin, Andrew Gomm and Richard Billington substituted for Councillors Colin Cross, Nigel Kearse and Nigel Manning respectively.

CGS2 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS3 MINUTES

The Committee confirmed the minutes of the meeting held on 30 March 2017. The Chairman signed the minutes.

CGS4 ANNUAL GOVERNANCE STATEMENT 2016-17

The Committee considered a report on the Council's Annual Governance Statement for 2016-17, as required by the Accounts and Audit (England) Regulations 2015. The Statement was underpinned by the Head of Internal Audit's Annual Opinion Report April 2016 to March 2017, 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 2016-17, 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, subject to the correction of paragraph 5.1 of the Statement to substitute "85%" in place of "77%", the Executive be requested to adopt the Council's Annual Governance Statement for 2016-17 as set out in Appendix 1 to the report submitted to the Committee and to note the Committee's comments as follows:

- (a) The Committee welcomed the continuing improvement in the Council's performance in dealing with Freedom of Information requests.
- (b) The Committee suggested that the table in the Statement demonstrating how the Council had set up arrangements for delivering good governance should, in future, set out the column headed "Recent achievements, developments and areas for improvement" into separate columns.

Reason for Decision:

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

CGS5 TREASURY MANAGEMENT ANNUAL REPORT 2016-17

The Committee considered the Treasury Management Annual Report for 2016-17, which had set out details of the activities of the Council's Treasury Management function and Prudential Indicators for 2016-17, in accordance with the requirements of the CIPFA Prudential Code. The report had included:

- a summary of the economic factors affecting the approved strategy and counterparty update
- a summary of the approved strategy for 2016-17
- a summary of the treasury management activity for 2016-17
- compliance with treasury and prudential indicators
- risks and performance
- Minimum Revenue Provision (MRP)
- details of external service providers
- details of training

In relation to treasury management activity in 2016-17, the Committee noted that, as at 31 March 2017, the Council held £127 million in investments, which had decreased by £17.8 million and total debt had reduced by £4.7 million during the year. Therefore, net debt had increased by £13 million.

The Council had budgeted an overall return on investments of 1.45%, and had achieved 1.21%. The return was lower because the Council had budgeted for an increase in investment rates as base rates were expected to rise, when in fact they were cut.

The report had confirmed that the Council had complied with its prudential indicators (except the upper limit of variable rate investments due to having higher investment balances than expected when setting the indicator), treasury management policy statement and treasury management practices for 2016-17.

The Committee noted that the slippage in the capital programme had resulted in a lower Capital Financing Requirement than estimated. Interest paid on debt had been lower than budget, due to the variable loan rate being reset lower than expected.

The yield returned on investments had been lower than estimated, but the interest received was higher due to more cash being available to invest in the year – a direct result of the capital programme slippage.

The Committee requested that arrangements be made for the holding of short training sessions on treasury management for councillors and co-optees on the Committee, which could be held immediately prior to future meetings.

Having considered the report, which included the proposed changes to the Investment Policy for 2017-18, the Committee

RESOLVED: That the following recommendations to Council be endorsed:

- (1) That the Treasury Management Annual Report for 2016-17 be noted, subject to the following corrections:
 - (a) Substitution of the following in place of the second sentence of paragraph 7.3 of the report: *“Therefore, net debt has increased by £13 million.”*
 - (b) Substitution of the following in place of the first sentence of paragraph 7.9 of the report: *“The Council also invested £960,000 of equity investment in Guildford Holdings Ltd, and made a loan of £1.4 million to North Downs Housing Ltd.”*
 - (c) Substitution of the following in place of paragraph 2.10 of Appendix 1 to the report:
“Although not classed as treasury management activities and therefore not covered by the CIPFA Code, the Council also holds £960,000 of equity investments in Guildford Holdings Ltd and a loan of £1.4 million to North Downs Housing Ltd”.
- (2) That the actual prudential indicators reported for 2016-17, as detailed in **Appendix 1** to the report submitted to the Committee, be approved.
- (3) That the changes to the 2017-18 investment policy, as detailed in section 13 of the report, be approved.

Reasons for Recommendation:

- To comply with the Council's Treasury Management Policy Statement, the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- To allow the Council to further diversify its investment portfolio.

CGS6 DRAFT STATEMENT OF ACCOUNTS FOR 2016-17

Councillors noted that the Committee's terms of reference included approval of the statutory Statement of Accounts on behalf of the Council. The Committee therefore considered the draft (un-audited) Statement of Accounts for 2016-17, which the Chief Finance Officer had signed and issued in draft on 31 May 2017. The draft Accounts would be available for inspection at the Council offices and on the website from 19 June 2017. Having considered the report and the draft Statement of Accounts for 2016-17, the Committee

RESOLVED: That, the Draft Statement of Accounts 2016-17, as set out in Appendix 1 to the report submitted to the Committee, be noted, subject to the following:

- (a) the inclusion of a note in Note 9 of the Draft Statement of Accounts (Officers' Remuneration) on page 114 of the agenda, to explain the relatively high pension contributions in respect of the Director of Corporate Services and Executive Head of Organisational Development and the termination payment made to the latter; and
- (b) the following corrections:
 - (i) in the first paragraph under "Collection Fund" on page 94, the collectable debit for council tax in 2016-17 was £94 million and business rates was £84 million;
 - (ii) the table in the paragraph headed "Other Performance during the year" on pages 96 and 97 should read:

Indicator	2016-17	2015-16
1. Council Tax Collected	99.27%	99.32%
2. NNDR Collected	99.29%	99.48%
3. Invoices paid on time	91.75%	97.90%
4. Benefit Overpayments recovered	£1.398m	£1.991m
5. Processing of 'major' planning applications within 13 weeks	97%	86.67%
6. Processing of 'minor' planning applications within 8 weeks	91%	69.44%
7. Processing of 'other' applications within 8 weeks	88%	74.48%
8. Appeals dismissed against the Council's refusal of planning permission	68%	69.29%
9. Number of Households living in temporary accommodation	61	46
10. Housing Advice – homelessness prevented (cases resolved)	396	407
11. Days taken to process Housing Benefit / Council Tax support claims	24.77 for new claims 7.07 for changes	24.89 for new claims 7.68 for changes
12. Number of affordable homes completed	32	125
13. Food businesses with 'scores on the door' of 3 or over	94.8%	95%
14. % Household waste recycled and composted	59.7%	58%
15. Staff sickness absence		
Office	6.9 days	9 days
Manual	12.6 days	12.8 days
16. Staff turnover	12.8%	9.24%
17. Calls answered by customer services within 20 seconds	91.3%	84.6%

(iii) clarification of the key to the graph on page 97 as follows:

- Green: On Track
- Orange: Experiencing obstacles
- Red: Off track
- Grey: Not started

Deletion of the text "The graph shows xxxxxx".

(iv) in the table in Note 9 of the Draft Statement of Accounts (Officers' Remuneration) on page 114, substitute "£130,214" in place of "£136,839" *at the top of the third column.*

Reason for Decision:

The Accounts and Audit Regulations 2015 require the approval of the statutory Statement of Accounts for 2016-17 by 30 September 2017.

CGS7 EXTERNAL AUDIT 2017-18 FEE LETTER AND THE FUTURE OF LOCAL GOVERNMENT EXTERNAL AUDIT

The Committee considered the External Audit 2017-18 Fee Letter, which had been submitted by the Council's external auditors, Grant Thornton. The letter provided a broad summary of the programme of work that they intended to carry out during 2017-18.

The overall fee for the core audit was the same as the fee charged in 2016-17. The fee for grant certification work had not yet been set by Public Sector Audit Appointments (PSAA) Ltd. The Committee noted that the total fee of £57,533 could be managed within the overall budget for the Resources directorate.

The Committee was also reminded that central Government had closed down the Audit Commission in March 2015. The report also provided councillors with an update on arrangements for local body audit following its closure.

Having considered the report, the Committee

RESOLVED:

- (1) That the external audit fee submitted by Grant Thornton be approved.
- (2) That the arrangements for local body audit following the closure of the Audit Commission be noted.

Reason for Decision:

To enable the Committee to consider and comment on the planned audit fee.

CGS8 INTERNAL AUDIT PLAN 2017-18

The Committee considered a report on the Internal Audit Plan for 2017-18.

The Committee was informed that in 2016-17, 85% of audits had been completed, with eight ongoing. Councillors were also updated on the internal audit resource issue and were advised of the outcome of the recent restructure of the team.

The Plan for 2017-218 had been extracted from the audit planning system 2016-17 and showed a resource requirement for 660 days. The team had a resource calculation of 587 days, which included a pro rata calculation for the new posts following the restructure. The shortfall would be covered by a contractor, and included the specialist ICT audits.

The report had also set out information on the findings of the Local Government Ombudsman in respect of the 19 complaints about the Council that had been lodged in 2016-17.

Having considered the report, the Committee

RESOLVED: That the audit plan for 2017-18 as set out in Appendix 1 to the report submitted to the Committee be approved, subject to clarification of the Audit Type in respect of item 14 of the Audit Plan: Public Health and Well-Being, which should read: "*Compliance Audit*".

Reason for Decision:

To ensure an adequate level of audit coverage.

CGS9 REVISED GOVERNANCE ARRANGEMENTS - 12-MONTH REVIEW

The Committee considered a report on the review of the Council's revised governance arrangements, which had been introduced in January 2016 following an extensive scrutiny review in 2015.

The revised arrangements involved a hybrid approach with an altered role for a new, single Overview and Scrutiny Committee (OSC), and the addition of two Executive Advisory Boards (EABs) to advise and make recommendations to the Leader and Executive. The Council had agreed that these arrangements be reviewed after a twelve-month period of operation. As part of those recommendations, it was further agreed that a full-time, dedicated Scrutiny Officer should be recruited.

On 7 March 2017, a seminar to which all councillors were invited was held to review the revised governance arrangements. The report had set out the outcomes of that seminar with a number of options for consideration and had invited the Committee to comment and formulate any recommendations and advice to full Council on this matter.

The report would also be considered by the two EABs, at their respective meetings on 10 and 13 July and by OSC on 11 July, prior to final consideration by full Council on 25 July 2017.

Having considered the options, the Committee

RECOMMEND:

- (1) That the public webcasting of meetings of the Executive Advisory Boards be discontinued with immediate effect.
- (2) That an annual/bi-annual meeting between the Leadership and the EAB and O&S Committee chairmen and vice-chairmen be established to discuss topic areas for future work programmes and to discuss how the EABs and O&S Committee could make a more effective contribution to the decision-making process.
- (3) That, in order to improve the arrangements for topic selection and agenda planning, the Executive/CMT be requested to provide suggestions for topic areas for EABs drawn from the (revised) Corporate Plan Action Plan for consideration at future work programme meetings and to have a CMT (as well as Executive) representative attend those meetings.
- (4) That the approach to development of the O&S Committee work programme be broadened, by amending O&S Procedure Rules to introduce a more flexible approach to topic selection through replacing the topic selection flow chart in O&S Procedure Rules with the PAPER tool.
- (5) That O&S Committee members should have an opportunity for putting written questions to lead councillors attending O&S Committee meetings in advance so that written answers may be prepared.
- (6) That lead councillors should normally present matters (supported by officers as appropriate) for discussion at EAB meetings and engage actively in a dialogue with the EABs regarding those matters, and that the terms of reference of the EABs be amended accordingly.
- (7) That EABs be encouraged to set up task groups to research and review areas for policy development.
- (8) That the focus for public engagement should be aimed more at O&S than EABs.

- (9) That more proactive measures for public engagement in respect of the work of the O&S Committee be established by:
- (a) inviting suggestions for the O&S work programme from the public and partners as well as officers and councillors; and
 - (b) alerting the public about O&S agenda topics on days leading up to the meeting, on the day of the meeting and action agreed at the meeting through press releases/social media.
- (10) That progress on matters previously considered by EABs be reported back to them periodically.
- (11) That a briefing note be provided to those officers invited to attend O&S Committee meetings to ensure there is full comprehension of the process, including the role of scrutiny and the Scrutiny Officer.

Reason for Recommendation:

To ensure that the Council's decision-making processes remain accessible, robust and accountable to local people.

CGS10 APPOINTMENTS TO EXTERNAL ORGANISATIONS WORKING GROUP - FINAL REPORT AND RECOMMENDATIONS

In accordance with Public Speaking Procedure Rule 3 (a), and prior to the formal consideration of this matter, Sarah Creedy addressed the Committee in her capacity as chairman of governors at the Royal Grammar School and Abbots Hospital.

Councillors noted that, at its meeting on 30 March 2017, the Committee had considered an interim report from the External Organisations Working Group and had endorsed a number of recommendations which full Council approved on 11 April 2017. These recommendations sought to improve the process of appointing to external organisations. Since then the Working Group had proceeded to apply those new approaches to undertake a review of individual councillor appointments.

The Committee now considered a report, which set out the final recommendations of the Working Group in respect of existing and new appointments. Thereafter, the next stage would be for full Council on 25 July 2017 to agree, not only the recommended list of appointments, but also those councillors who would fill those roles.

The Committee was advised that, currently, the Mayor was an ex officio appointee to the following external organisations:

- (a) Abbot's Hospital
- (b) Guildford/Freiburg Association
- (c) Guildford Sunset Homes (Honorary President)
- (d) Royal Grammar School
- (e) Surrey County Agricultural Society (Honorary Vice President for three years)

The Working Group had recommended in respect of Abbot's Hospital and Royal Grammar School that the Council should discontinue making a formal appointment because the appointment did not meet any of the criteria approved by the Council on 11 April 2017, i.e. they did not

- (i) Support the Council's corporate priorities,
- (ii) Assist in delivery of Council services, or

(iii) Use Council facilities

Instead, the working group suggested that a local ward councillor could put their name forward independently for possible appointment without the need for formal approval by the Council.

However, the Council needed to consider in respect of Abbot's Hospital and the Royal Grammar School, whether the ex officio appointment of the Mayor to these bodies should continue if the formal appointment of a councillor discontinued.

The Committee noted that the Mayor of Guildford had strong, historical connections with both Abbot's Hospital and the Royal Grammar School, with the Mayor being involved in their respective governance arrangements for nearly 400 years in respect of the former and over 500 years in respect of the latter.

In view of this, officers had recommended that, should the Council agree to discontinue the appointment of a councillor to Abbot's Hospital and Royal Grammar School, the ex officio appointment of the Mayor as a trustee and governor/director to those bodies should continue.

The Committee

RESOLVED:

- (1) That the Democratic Services Manager be authorised to send copies of all the person profile forms completed by the various external organisations to all councillors so that they may discuss with group leaders their suitability for the roles in terms of relevant skills and experience.
- (2) That councillors nominated by their groups for appointment to an external organisation be requested to complete and submit to the Democratic Services Manager the relevant person profile forms, with details of their relevant skills and experience, by no later than Friday 14 July 2017.

The Committee further

RECOMMEND: That the Council agrees:

- (1) That the final recommendations of the Councillor Appointments to External Organisations Working Group in respect of existing and proposed new appointments, as set out in Appendix 2 to the report submitted to the Committee, be approved, subject to:
 - (a) the following corrections:
 - (i) in respect of Guildford Poyle Charities, delete "*additional*" in the Legal Comment column so that it reads "*No insurance*";
 - (ii) in respect of Guildford Sunset Homes, substitute "Yes" in place of "No" in the Mayor (ex officio) column;
 - (iii) In respect of Experience Guildford (BID):
 - delete "*No further*" in the Legal Comment column, so that it reads "*Insurance in place*";
 - this appointment should be made by the Executive, rather than full Council, as it is appropriate that the relevant lead councillor responsible for economic development should be the Council's appointee.

(iv) In respect of Guildford Book Festival:

- delete “*further*” in the Legal Comment column so that it reads “*No insurance in place*”.
- Substitute “*Appoint*” in place of “*Retain*” in the Working Group recommendation and reasons column

(v) In respect of Abbot’s Hospital (Trinity Hospital Governors), substitute “*Yes*” in place of “*No*” in the Mayor (ex officio) column; and

(b) the proviso that should the Council agree to discontinue the appointment of a councillor to Abbot’s Hospital (Trinity Hospital Governors) and the Royal Grammar School, the ex officio appointment of the Mayor as a trustee and governor/director to those bodies should continue.

(2) That, in relation to those external organisations where the Council agrees to discontinue appointments and where the term of office of the current appointees expire in 2018 or 2019, the Council agrees that such appointments should be allowed to run their course.

Reason for Recommendation:

To ensure that the Council maintains and develops relationships with key local organisations and partners in the most mutually productive ways and in the best interests of local people.

CGS11 REVIEW OF THE COUNCILLORS' DEVELOPMENT STEERING GROUP

The Committee noted that Council Procedure Rule 24 (v) required the appointing body to review annually, the continuation of task groups appointed by them. Although the Councillors’ Development Steering Group had been set up originally as an Executive working group, it was agreed in 2015 that the Steering Group would report on its work to this Committee.

The Committee considered a report which reviewed the work carried out by the Steering Group over the past twelve months and the work they were likely to undertake over the next twelve months and to agree that it should continue its work. The current political composition of the Steering Group was as follows:

Conservatives: 2
Liberal Democrats: 1
Guildford Greenbelt Group: 1
Labour: 1

The Lead Councillor had asked the Committee to consider increasing the number of Conservative councillors on the Steering Group from two to four.

Having considered the report, the Committee

RESOLVED:

(1) That the Councillors’ Development Steering Group should continue its work and that the numerical allocation of seats on the Steering Group to each political group be agreed as follows:

Conservatives: 4
Liberal Democrats: 1
Guildford Greenbelt Group: 1
Labour: 1

- (2) That political group leaders be asked to confirm the councillor membership of the Steering Group in accordance with the numerical allocation of seats referred to in paragraph (1) above.

Reason for Decision:

To comply with the requirement for this Committee to review the continuation of the Councillors' Development Steering Group, in accordance with Council Procedure Rule 24 (v).

CGS12 WORK PROGRAMME

The Committee, having considered its proposed work programme for the remainder of the 2017-18 municipal year,

RESOLVED: That the updated work programme for 2017-18, as set out in Appendix 1 to the report submitted to the Committee, be approved, subject to the deletion from the work programme of the 'unscheduled item' (Review of the effectiveness of the audit responsibilities of the Committee).

Reason for Decision:

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

The meeting finished at 8.40 pm

Signed

Chairman

Date