

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

16 November 2023

- * Councillor Phil Bellamy (Chairman)
- * Councillor Bob Hughes (Vice-Chairman)
 - * Councillor Joss Bigmore
 - * Councillor James Jones
 - * Councillor George Potter
 - * Councillor James Walsh
 - Councillor Fiona White

Independent Members:

- * Murray Litvak

Parish Members:

- Julia Osborn
- Simon Schofield
- * Tim Wolfenden

*Present

The Leader of the Council, Councillor Julia McShane, the Lead Councillor for Finance & Property, Councillor Richard Lucas, and Councillors Philip Brooker, Richard Mills OBE, and Howard Smith were also in attendance.

The Lead Councillor for Engagement and Customer Services, Councillor Angela Goodwin, and Councillors Ruth Brothwell, Amanda Creese and Geoff Davis were in remote attendance.

CGS34 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Fiona White, for whom Councillor Vanessa King substituted, and from Julia Osborn and Simon Schofield.

CGS35 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS36 MINUTES

The minutes of the meetings of the Committee held on 27 July and 28 September 2023 were approved as a correct record. The Chairman signed the minutes.

CGS37 ACTION TRACKER

The Committee noted that the decision and action tracker had been introduced to monitor progress against the decisions and actions that the Committee had agreed,

which would be kept up to date for each meeting. When decisions/actions were reported as being 'completed', the Committee would be asked to agree to remove these items from the tracker.

The Committee

RESOLVED: That the decision and action tracker be noted and that the actions reported as being completed be removed from the table.

CGS38 FREEDOM OF INFORMATION COMPLIANCE UPDATE

The Committee considered an update report on the monitoring of the Council's performance in dealing with Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests.

Following a fall in performance standards during 2020-21, largely due to the Covid pandemic lockdown and recent corporate restructures, performance rates for timely delivery of FOI/EIR requests within the 20- working day deadline had since improved over the 2021-22 and 2022-23 financial years.

The Committee noted that during the first six months of 2023 (January to June inclusive – i.e. Quarter 4 of 2022-23 and Quarter 1 of 2023-24) the Council had received 376 FOI/EIR requests – of which 90.5% were responded to within the 20 working day statutory deadline. This was in line with the Corporate Management Board's set target of 90%.

Furthermore, following the Committee's request to monitor, as an additional target, response rates dealt with promptly within 10 working days (i.e., half of the statutory time limit), it was reported that, during this period 145 (38.5% of the total) were responded to within 10 or fewer working days. This compared favourably with the overall 2022-23 figure of 36.5%.

Questions and comments from the Committee raised the following points:

- In response to a request for information as to how the number of requests made had compared with similar periods in previous years, and the impact of signposting people to relevant information on the website, the Information Governance Officer indicated that the disclosure log on the website, which contained copies of responses to previous similar requests for information, had brought down the number of formal requests to a small extent. The Lead Councillor for Engagement and Customer Services indicated that she was happy to look at providing comparative information for future reports.
- It was noted that there had been only three internal reviews during the period in question and no appeals to the Information Commissioner's Office.

The Committee

RESOLVED: That the update report be noted and that the Committee continues to receive regular updates.

Reasons:

- To ensure that the Committee is kept up to date with developments in the FOI/EIR framework.
- To ensure that the Committee has the necessary information to enable requests for information to be made easily to the Council and properly responded to.
- To assist with learning lessons and improving performance following requests for information made to the Council.

Action:	Officer to action:
To provide information in future reports on how the number of requests made had compared with similar periods in previous years.	Information Governance Officer

CGS39 CAPITAL AND INVESTMENT OUTTURN REPORT 2022-23

The Committee considered the annual outturn report on capital expenditure, non-treasury investments and treasury management performance for 2022-23.

In total, expenditure on the General Fund capital programme had been £35.4 million against the original budget of £158 million, and revised budget of £169 million. Details of the revised estimate and actual expenditure in the year for each scheme were set out in Appendix 3 to the report.

The budget for Minimum Revenue Provision (MRP) had been £1.5 million and the outturn was £1.38 million. This was due to slippage in the capital programme in 2021-22.

Officers had reviewed the capital programme and had determined that there were schemes that were no longer required, that no longer met the original business case or had been removed pending a new business case in light of the Council's ongoing budget deficit. These schemes were detailed in the Financial Recovery Plan within the capital programme workstream. Removing these schemes would reduce the Council's underlying need to borrow for capital purposes and would generate a saving to the revenue account in respect of MRP and interest.

The Council's investment property portfolio stood at £178 million at the end of the year. Rental income was £9.5 million, and income return had been 5.7% against the benchmark of 4.7%.

The Council's cash balances had built up over several years, and reflected the strong balance sheet, with considerable revenue and capital reserves in the HRA. Officers carried out the treasury function within the parameters set by the Council each year in the Capital and Investment Strategy. At 31 March 2023, the Council held £98 million in investments, £295 million in borrowing of which £147 million related to the HRA, £32 million related to the Weyside Urban Village Project, and £115 million was short term borrowing, resulting in net debt of £197 million.

The Council borrowed short-term from other local authorities for cash flow purposes in the year and had taken out a loan for Weyside Urban Village under the infrastructure rate. This interest was capitalised against the project and not charged to the General Fund as interest payable.

Section 8 of the report confirmed that the Council had complied with its prudential indicators, treasury management policy statement and treasury management practices (TMPs) for 2022-23. The policy statement was included and approved annually as part of the Capital and Investment Strategy, and the TMPs were approved under delegated authority.

The treasury management performance over the last year, compared to estimate, had been summarised in the report, and the factors affecting this performance had also been highlighted. There had been slippage in the capital programme which resulted in a lower Capital Financing Requirement than estimated. Interest paid on debt had been lower than budget, due to less long-term borrowing taken out on the General Fund because of slippage in the capital programme.

The yield returned on investments had been lower than estimated, but the interest received had been higher due to more cash being available to invest in the year – a direct result of the capital programme slippage. Officers had been reporting higher interest receivable and payable and a lower charge for MRP during the year as part of the budget monitoring when reported to councillors during the year.

The report also contained detailed information on the return on investments, and interest paid on external debt.

During the debate, the Committee made the following comments:

- In relation to the Council's investment property fund portfolio, it was noted that demand for light industrial units was particularly high, and this

element of the portfolio had performed considerably better than other parts of the property market within Guildford.

- Concerns were expressed regarding ongoing slippage in the capital programme and over provision in the budget for MRP. The Committee noted that MRP was calculated on a scheme-by-scheme basis, and it was only applicable when a capital scheme becomes operational. Where there was slippage, the impact on the budget for MRP was reduced.
- In response to a question as to the extent to which the Council was receiving a good return on its investments, and whether the Council should continue to hold certain investments, the Committee noted that a review of all investments would be taking place imminently.
- In relation to key points relevant to investment property in the local area, it was suggested that the office and retail markets were “stagnant” rather than “subdued”. Clarification was sought in respect of whether the comment in the report that landlords were “taking a 10-year approach when renting” meant that landlords were actually seeking 10-year leases.
- Clarification was also sought as to whether town centre retail vacancies were significantly down, and running at a lower vacancy rate than the south-east average.
- In response to a question as to the approximate proportion of the Public Works Loan Board (PWLB) debt related to assets acquired to increase rental incomes and therefore would no longer be allowed under the rules, it was confirmed that none of it was used for such purposes. It related mainly to the borrowing on the Housing Revenue Account and to the Weyside Urban Village project. The Council had used its own resources to finance the acquisition of investment properties.

Having noted that this matter would be considered by the Executive at its meeting on 23 November, and by Council on 5 December, the Committee

RESOLVED: That the recommendations to the Executive and full Council contained in the report be supported, subject to the comments referred to above made by the Committee during its debate.

Reasons:

- 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.
- As per the treasury management code although the scrutiny of treasury management (and indeed all finance) had been delegated to the Committee, ultimate responsibility remained with full Council. This report therefore fulfilled that need.

Action:	Officer to action:
<p>(a) To clarify whether the comment in the report that landlords were “taking a 10-year approach when renting” meant that landlords were actually seeking 10-year leases.</p> <p>(b) To clarify whether town centre retail vacancies were significantly down, and running at a lower vacancy rate than the south-east average.</p>	Lead Specialist - Finance

CGS40 HOUSING REVENUE ACCOUNT FINAL ACCOUNTS 2022-23

The Committee considered a report on the Housing Revenue Account (HRA) final accounts for 2022-23. The HRA recorded all the income and expenditure associated with the provision and management of Council owned residential dwellings in the Borough. The requirement to maintain a HRA was set out in the Local Government and Housing Act 1989 and the requirement to publish final accounts was set out in the Accounts and Audit (England) Regulations 2015.

The report had set out the actual level of revenue spending on day-to-day services provided to tenants and recorded in the HRA in 2022-23. The operating surplus for the HRA in 2022-23 had been £3.12 million less than the budgeted surplus of £10.89 million (Section 7.5) at £7.76 million. The outturn allowed a contribution of £2.5 million to the reserve for future capital and a contribution of £5.26 million to the New Build reserve. The HRA working balance at year-end remained at £2.5 million.

The Chief Finance Officer, in consultation with the Leader of the Council and Lead Councillor for Finance and Property had used their delegated authority to make the necessary transfers to reserves. This continued the policy adopted in previous years, whereby the year-end surplus was applied to each of the two reserves referred to above.

The HRA capital programme had budgeted expenditure of £53.9 million with an actual spend of £26.3 million. There had been £24.5 million of major repairs estimated with an outturn of £20.3 million. £27.05 million had been budgeted for new developments, where actual expenditure had been £6 million due to delays in the progression of some of the new schemes.

During the debate, the Committee made the following comments:

- In response to a question, the interim Section 151 Officer confirmed that the figures in the report represented all the HRA expenditure both in terms

of revenue and capital incurred in 2022-23, including the unbudgeted sums in relation to housing maintenance. There were, however, outstanding orders and other work that was ongoing, which were not included in those figures, but would be included in the current year's figures.

- Whilst the Committee could be reassured that the figures represented what had actually been spent, it could not at this point be assured as to what had been delivered in terms of physical improvements to the housing stock as a consequence of that expenditure.
- The Committee noted that the Monitoring Officer would be submitting a report to the Committee at its special meeting on 29 November outlining the governance around the housing maintenance issue.
- In response to a question as to whether the 3% loss of rental income compared to estimates due to voids was within the normal range, or whether it was something about which the Committee should be concerned, officers indicated that the quarterly Performance Monitoring Report considered by the Overview and Scrutiny Committee included a KPI on void properties.

Having considered the report and noted that this matter would also be considered by the Executive at its meeting on 23 November, the Committee

RESOLVED: That the recommendation to the Executive contained in the report be supported, subject to the comments referred to above made by the Committee during its debate.

Reason:

To allow the Statutory Statement of Accounts to be finalised and subject to external audit prior to approval.

CGS41 REVENUE OUTTURN REPORT 2022-23

The Committee received a report setting out the final position on the General Fund and the Collection Fund revenue accounts, for the 2022-23 financial year.

Overall, the outturn on the General Fund for 2022-23 had been £6.49 million more than originally budgeted, which would be financed from the Medium-Term Financial Plan reserve. The Chief Financial Officer, in consultation with the Leader of the Council and the Lead Councillor for Finance and Property, had delegated authority to deal with the overspend and to transfer the necessary resources from the reserve.

The report had set out the major reasons for the variance. Net income from interest receipts had been £915,000 more than estimated and the minimum revenue provision (MRP) for debt repayment had been £5,000 higher than estimated.

During the accounts closure process, a number of adjustments had been made following a review of the balance sheet, details of which were set out in the report.

Historically the Council held many reserves for specific purposes. For 2022-23 all reserves that were held for internal policy reasons had been merged into the Medium-Term Financial Plan Reserve. There were still some specific reserves, but these had been kept to a minimum.

The business rates balance on the collection fund was particularly susceptible to movements in the number and values of appeals businesses had made against their rateable values. The Council had no control over such appeals and had limited information from the Valuation Office to help assess the potential impact.

The Collection Fund revenue account for the year had shown an overall deficit of £1.735 million, of which the Council's share was £0.694 million, which would be recovered from the General Fund in 2023-24.

The outturn position will be included in the Statement of Accounts which would be signed by the Chief Financial Officer and subsequently audited by Grant Thornton. This Committee would review the audited statement of accounts.

During the debate, the Committee made the following comments:

- In response to a request for an update on the annual audit of accounts, the Interim Section 151 Officer had spoken recently to Paul Cuttle, Lead Auditor from Grant Thornton who had indicated that nationally, the government had decided that outstanding audits not finalised by 31 March 2024 were unlikely to be completed. For Guildford, that would mean that, although the 2020-21 accounts would be signed off before that date, the audits of the 2021-22 and 2022-23 accounts might never be completed. The Committee was advised that the finance team had undertaken a full review of those accounts and had exercised due diligence to ensure that the issues raised as part of the 2020-21 accounts did not recur in the subsequent accounts. A particular problem that might arise in respect of the audit of the current year's accounts would be establishing opening balances.
- Concern over provision for bad debt of £500,000 for caravan sites identified following the balance sheet review during the 2022-23 closing process, and enquiry as to what provisions had been put in place to prevent a recurrence of the bad debt. In response, officers explained that the review of the balance sheet had been comprehensive, and that the figure represented an accumulated historical error and that the provision for bad debt had been revised based on actual arrears shown on the system.

Having considered the report and noted that this matter would also be considered by the Executive at its meeting on 23 November, the Committee

RESOLVED: That the recommendation to the Executive contained in the report be supported, subject to the comments referred to above made by the Committee during its debate.

Reasons:

- To note the final outturn position for 2022-23 and delegated decisions taken by the Chief Financial Officer which would be included in the statutory accounts.
- To facilitate the ongoing financial management of the Council.

CGS42 MEDIUM TERM FINANCIAL PLAN (MTFP) AND FINANCIAL RECOVERY PLAN - NOVEMBER UPDATE REPORT

The Committee received a report setting out an update on the Medium-Term Financial Plan (MTFP) and progress with the Financial Recovery Plan.

The Committee noted that the Council had agreed the 2023-24 budget in February 2023 with a £3.3m shortfall requiring further work to remove this gap, with the fallback position being the deployment of usable reserves.

An updated MTFP position had been presented to full Council on 25 July 2023 which set out the key issues and the position in which the Council was now left. In summary, this had been a remaining in-year deficit of £1.7m and a budget gap of £18.3m over the MTFP period to 2026-27.

A Financial Recovery Plan had been presented to full Council at its extraordinary meeting on 30 August and updated at its last meeting on 10 October. This had set out the immediate and medium-term actions being taken to address both the in-year and medium-term budget gaps.

In October, the Interim s151 officer had concluded that sufficient progress had been made to avoid the need for a s114 report to be issued but that significant work was still required to produce a balanced budget for 2024-25 and beyond.

In addition to providing an update on the MTFP position, potential funding changes, and progress on the Recovery Plan workstreams, the report presented to the Committee had also set out the outcome of the review of the Capital Programme. If approved, this would remove £96.6m from the Approved and Provisional Capital programmes which, in turn, would reduce the Council's projected borrowing needs.

The report had also provided a high-level update on the potential remaining budget gap to be addressed and the actions ongoing to address this. The work to date on the Financial Recovery Plan had reduced the July MTFP gap of £18.3m to £7.3m. Although excellent progress had been made, significant further work was still required to produce a balanced budget for 2024-25.

The Interim Section 151 Officer informed the Committee that he was hopeful that when the finance settlement was announced by Government in December the New Homes Bonus, which was one of the funding assumptions that had been built into the July MTFP update, would continue for the next financial year.

During the debate, the Committee made the following comments:

- In response to a question as to whether increased housebuilding was factored into future Council Tax funding assumptions and whether it had much of a significant effect, the Interim Section 151 Officer confirmed that the finance team had built an assumption each year, both around the actual increase in Council Tax, assuming that the capping limit would remain at 2.99%, and also an assumption of taxbase growth year on year.
- Concern that measures to be actively implemented over the four-year period only constituted approximately half what was assumed to be the total range of measures that would be needed to get the Council back to the financial position in which it wanted to be. In response, the Interim Section 151 Officer confirmed that approximately half of the £18.3 million budget gap effectively comprised of additional borrowing costs, but that other workstreams being undertaken as part of the Financial Recovery Plan such as income reviews, for example around car parking were generating a significant contribution towards closing that budget gap. Contract renewals, such as utilities, were likely to generate further significant savings.
- Concerns over proposals in the approved capital programme to delay flood resilience measures, and traveller transit site provision. A response from the relevant heads of service, setting out the reasons for the delay would be circulated to the Committee.
- In response to a question as to whether extra car park revenue of approximately £950,000 would be achieved in the current year, the Interim Section 151 Officer confirmed that was his expectation, and that it may even be exceeded. It was noted that approximately £80,000 of that figure was expected to comprise parking fines.
- It was noted that the wording of paragraph 11.2 of the report needed to be updated to reflect the fact that the revised projected budget gap over the MTFP period was now £7.3 million, rather than £18.3 million. This would be corrected.
- It was noted that not all of the £96 million of the reduction in the capital programme attracted MRP, and the revenue saving was only £2.5 million. It would be useful to understand what the implications for MRP were for each of

the proposed reductions in the various capital projects. In response, the Interim Section 151 Officer indicated that this could be incorporated into the report on the Capital & Investment Strategy to be taken to the budget Council meeting in February.

- Support the assumptions in the report about capital asset disposal.
- Query the pay assumption at 3.3% when inflation was still high. The Interim Section 151 Officer stated that the average pay award over the three-year period was 3.3%, but understood that it was frontloaded in the provision for next year.
- Concern was expressed, and clarification was sought, in respect of the Council's intentions in relation to the Shaping Guildford's Future project. The Interim Section 151 Officer informed the Committee that it was proposed to remove the capital allocation of £4.1 million within the programme, and that there would be some revenue impacts which would be brought forward as part of the budget proposals in February.
- Clarification was sought in respect of the reference in paragraph 9.2 of the report that the 2023-24 in-year position was balanced whilst the table in paragraph 9.1 had indicated that the remaining target to be achieved in 2023-24 was £600,000. In response, the Interim Section 151 Officer explained that in terms of balancing the budget for the current financial year, many of the actions taken, for example, holding vacancies and stopping some discretionary expenditure, were of a one-off nature, and would not be repeated as base budget adjustments for the next financial year. The £600,000 referred to needed to be addressed as extra base budget savings to balance the budget in the next financial year.
- Clarification was also sought in respect of the reference in the report to possible policy changes (accounting and discretionary policies) as one of the potential further measures to reduce the shortfall. In response, the Interim Section 151 Officer explained that this related to matters over which the Council had some discretion such as reviewing the charges we make both into and out of the Housing Revenue Account, which impacted on the General Fund.
- The report needed to be explicit and honest about the climate change and sustainability implications of some of the proposed changes to provisional schemes in particular. For example, energy efficiency compliance, flood resilience, and electric waste vehicles were being delayed, and the sustainable movement corridor was no longer required.

Having considered the report and noted that this matter would also be considered by the Executive at its meeting on 23 November, and by Council on 5 December, the Committee

RESOLVED: That the recommendations to the Executive and full Council contained in the report be supported, subject to the comments referred to above made by the Committee during its debate.

Reasons:

To enable the Council to protect the current level of reserves and to set a balanced budget and a robust Medium-Term Financial Plan.

(Councillor Bob Hughes requested that his abstention in respect of the vote on this matter be recorded)

Action:	Officer to action:
(a) To circulate to the Committee a response from the relevant heads of service regarding the concerns expressed over proposals in the approved capital programme to delay flood resilience measures, and traveller transit site provision, and the reasons for the delay.	Lead Specialist – Finance
(b) To update the wording of paragraph 11.2 of the report to reflect the fact that the revised projected budget gap over the MTFP period was now £7.3 million, rather than £18.3 million.	Democratic Services & Elections Manager

CGS43 COUNCILLOR TRAINING AND ANNUAL DEVELOPMENT ANNUAL REPORT 2023-24

The Committee considered the annual report on Councillor Training and Development, which was led by the Councillor Development Steering Group. The report had set out details of the work undertaken by the Steering Group over the past year, focussing on the Councillor Induction Programme following the local elections this year, which ran from May to the end of July, and the feedback received, and the ongoing training that had followed.

Given the high turnover of councillors following the elections, the Committee noted that, in addition to the already busy and intense Induction Programme for councillors, several briefings for councillors in respect of key projects and planning applications had to be incorporated into the programme.

In the spirit of the collaboration with Waverley, a number of shared training and development opportunities had been identified, particularly in respect of generic topic areas such as the regulatory functions like planning and licensing and in relation to ethical standards. In such cases, reciprocal arrangements had been established with Waverley whereby their councillors had been invited to Guildford’s training sessions and Guildford councillors had been invited to theirs.

The Induction Programme had also included some sessions for parish councillors on planning, ethical standards, and data protection.

The report had made some suggestions as to how the induction process could be improved after the next local elections in 2027.

During the debate, the Committee made the following comments:

- Proposed training focusing on planning, including s106 payments, ecology and biodiversity, and climate change and sustainable construction, and good design and landscaping was particularly welcomed.
- Query as to whether training on understanding the demand of the role of councillor and dealing with ward issues was the responsibility of the political groups, particularly bearing in mind that following recent elections new political groups had been established which had resulted in very few, if any, councillors with any previous experience. It was suggested that some practical training/guidance for new councillors on dealing with ward issues could be provided for the next induction programme.

The Committee

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

Reason:

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

Action:	Officer to action:
To ask the Councillor Development Steering Group to look at the various suggestions in the report and those made at the meeting to improve the Councillor Induction Programme.	Democratic Services and Elections Manager

CGS44 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 8.24 pm

Signed

Date

Chairman

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

29 November 2023

- * Councillor Phil Bellamy (Chairman)
- * Councillor Bob Hughes (Vice-Chairman)
 - * Councillor Joss Bigmore
 - * Councillor James Jones
 - * Councillor George Potter
 - * Councillor James Walsh
 - Councillor Fiona White

Independent Members:

- * Murray Litvak

Parish Members:

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

*Present

The Deputy Leader of the Council, Councillor Tom Hunt, the Lead Councillor for Finance & Property, Councillor Richard Lucas, the Lead Councillor for Community and Organisational Development, Councillor Carla Morson, the Lead Councillor for Regulatory & Democratic Services, Councillor Merel Rehorst-Smith and Councillors Philip Brooker, Vanessa King, and Howard Smith were also in attendance.

The Lead Councillor for Commercial Services, Councillor Catherine Houston, and Councillors Ruth Brothwell, Yves de Contades, Amanda Creese, Richard Mills OBE, Maddy Redpath, Joanne Shaw, and Sue Wyeth-Price were in remote attendance.

CGS45 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Fiona White, for whom Councillor Vanessa King substituted.

CGS46 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS47 INTERNAL AUDIT PROGRESS REPORT 2023-24

The Committee considered an update report from the Southern Internal Audit Partnership which set out a clear and transparent articulation of internal audit activity, performance, and outcomes during the six-month period up to 30 September 2023.

The report had included the status of ‘live’ internal audit reports; an update on progress against the annual audit plan; a summary of internal audit performance, planning and resourcing issues; and a summary of significant issues that would impact on the Chief Internal Auditor’s annual opinion.

In relation to the analysis of the ‘Live’ audit reviews, the Committee noted on the Supplementary Information sheet the responses received to the management actions arising from the internal audit reviews undertaken in 2022-23 by KPMG in respect of Performance Monitoring and Risk Management.

During the debate, the following points were raised by the Committee:

- Request for better presentation of the graph showing “Stakeholder Satisfaction Survey Results” in the Performance Dashboard.
- In response to a concern as to whether the revised due dates in respect of the Overdue ‘High Priority’ Management Actions in relation to budgetary controls and payroll budget discrepancy, would be achieved, the internal auditor confirmed that these would be followed up in December and January and reported back to the Committee as appropriate. Explanations would be provided where implementation of any actions had not been achieved by the revised target dates.
- It was also noted that there had been significant delays in responding to Overdue ‘Low & Medium Priority’ Management Actions arising from earlier audit reviews. The internal auditor would seek clarification of the reason for the delays from the responsible officers and inform the Committee. It was suggested that explanation of delays should only be given where a due date had slipped for a second time.
- Clarification was requested for future reports of “Audit sponsors”.

Having considered the report, the Committee

RESOLVED: That the progress made against the internal audit plan for 2023-24, as detailed in the report submitted to the Committee, together with the update provided on the Supplementary Information Sheet, be noted.

Reason:

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

Action:	Officer to action:
<ul style="list-style-type: none"> • To provide better presentation of the graph showing “Stakeholder Satisfaction Survey Results” in the Performance Dashboard in 	Iona Bond Assistant Head of Southern Internal Audit Partnership

Action:	Officer to action:
<p>future reports.</p> <ul style="list-style-type: none"> • To seek clarification from the responsible officers of the reason for the delays in responding to Overdue 'Low & Medium Priority' Management Actions arising from earlier audit reviews and to inform the Committee • To clarify in future reports who "Audit sponsors" were. 	

CGS48 MONITORING OF S.106 CONTRIBUTIONS

At its meeting on 27 July 2023, the Committee had considered a Section 106 Monitoring report, which provided a schedule showing the details of Section 106 contributions that had been secured, received and spent as of the date of the report. The Committee had raised concerns about the following matters:

- lack of member and parish council involvement in decisions to re-prioritise spend
- substantial sums of unspent monies with a specific focus on education and health care contributions,
- the robustness of negotiations on Section 106 for larger scale development with specific reference to the Wisley Airfield site.

The Committee requested that a further report be submitted to respond to some of the specific questions raised to enable the Committee to have a better understanding of how Section 106 monies were held and being spent.

The Committee considered the further report, presented by the Executive Head of Planning Development, which addressed these concerns.

During the debate, the following points were raised by the Committee:

- Further information was requested on the Council's approach with Surrey County Council (SCC) and the Integrated Care Board (ICB), on ensuring that the appropriate infrastructure was put in place and the S106 funding allocated for those purposes was spent. The Executive Head of Planning Development confirmed that SCC had recently appointed an officer responsible for monitoring S106 spend at a more senior level and that she would be seeking to establish a more robust governance arrangement, with more frequent discussions and reporting to each other on S106 spend on SCC related matters. In relation to the ICB, the Executive Head of

Planning Development referred to recent discussions that had taken place in the context of the Wisley public inquiry, in particular the extent to which their requirements met the CIL tests, which would be explored by the Inspector through the round-table discussions on the S106, and by the outcome of the appeal.

- In relation to the Wisley public inquiry, it was noted that although the allocation site was supposed to have included a secondary school, such provision had not been included in the S106.
- In response to an enquiry as to whether any of the S106 monies allocated to the upgrading of a nature reserve in Send could be used for other projects in the village, the Executive Head of Planning Development confirmed that the allocation of those S106 monies would be determined ultimately by the wording of the Agreement and whether there was any flexibility to allocate some of the monies to other projects
- It was noted that contributions to SANGs were substantial due to the fact that their upkeep was required in perpetuity.
- It was also noted that parish councils, community groups and residents can request as part of the consideration of planning applications contributions, via S106 Agreements, for particular projects in the area, which could be included provided the compliance tests were met.

Having considered the report, the Committee

RESOLVED: That the contents of the report be noted.

Reason:

To ensure that the Committee is informed of the measures to be implemented to address concerns raised at its meeting on 27 July 2023.

CGS49 CORPORATE RISK REGISTER

The Committee considered a report on the changes that had been made to the corporate risk register since it was last presented to the Committee in June 2023, including the addition of new risks, changes to scoring, mitigations etc. which were detailed in Appendix 1 to the report, together with the scoring matrix and risk criteria for impact and likelihood.

The report had also detailed how the new process continued to achieve the desired outcomes set out in the Risk Management Strategy and Policy as well as setting out the changes made to the Strategy and Policy by the Risk Management Group.

The Corporate Risk Register set out in the report had included 31 risks in total, with 9 marked as red, 14 amber, and 8 green.

The following comments were made during the debate:

- Concern was expressed that there were too many risks contained in the high-level corporate risk register and that some of the risks ought to be moved to directorate/service risk registers. Further concern was raised that there should be a more consistent approach between all the risk registers at the various levels. It was suggested that there should be a review of the whole risk management framework across both Guildford and Waverley.
- Noting the risk change heat map in Appendix 2 to the report, concern was expressed that the likelihood and impact of CR15 – Risk of Financial Fraud had shifted from low to high. The anti-fraud and corruption policy was stated as one of the mitigating factors. It was suggested that this policy should be reviewed by this Committee or the Overview & Scrutiny Committee. The Chairman indicated that he would follow up the suggestion to ascertain whether the anti-fraud and corruption policy was due for review and, if so, the governance route for such a review.
- It was noted that when the Committee had considered the external auditor's report, a concern was raised as to whether a specific risk had been included in the Corporate Risk Register in respect of the receipt of timely independent external assurance in accordance with statutory deadlines. It did not appear that such a risk had been included. The Chairman indicated that he would ensure that this point was followed up.
- In relation to CR14 (risk that the Council experiences increased costs), clarification was sought as to whether this was an "in year" risk, or a risk associated with the medium-term financial plan period. In response, officers confirmed that the mitigation had referred to financial monitoring with the assumption that the risk was associated with the "in year" position.

Having considered the report, the Committee

RESOLVED: That the progress made to implement the risk management process be noted and that officers be requested to respond to the Committee's observations and comments referred to above.

Reason:

The Risk Management Strategy and Policy states that this Committee will review the corporate risk register on a six-monthly basis. It is the responsibility of the Committee to ensure it is satisfied that the Council operates and maintains a robust and effective risk management process.

Action:	Officer to action:
To undertake a review of the whole risk management framework across both Guildford and Waverley to ensure a more consistent approach between all the risk registers at the various levels.	Executive Head of Organisational Development
To ascertain whether the anti-fraud and corruption policy was due for review and, if so, the governance route for such a review.	Democratic Services & Elections Manager
To establish whether the Corporate Risk Register should include a specific risk in respect of the receipt of timely independent external assurance in accordance with statutory deadlines.	Executive Head of Organisational Development

CGS50 ANNUAL GOVERNANCE STATEMENT 2022-23

The Committee considered a report on the Council's Annual Governance Statement (AGS) for 2022-23, as required by the Accounts and Audit (England) Regulations 2015. The AGS would be included in the Council's statement of accounts for 2022-23.

The AGS had set out in tabular format how the Council puts the principles of good governance, as described in the CIPFA/SOLACE framework, into practice along with recent achievements, developments, and areas for improvement.

The AGS was underpinned by the Annual Opinion Report (April 2022 to March 2023) prepared by KPMG, who were the Council's outsourced internal audit managers, which was considered by the Committee at its meeting held on 15 March 2023.

The Audit Opinion for 2022-23 on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control had been: 'Significant assurance with minor improvement opportunities'.

The AGS had also provided an update on governance issues reported in the 2021-22 AGS, together with the significant governance issues identified during the 2022-23. Where areas for further improvement had been identified, the necessary action would be taken to implement changes that would further develop and strengthen the Council's governance framework.

Before the debate, the Chief Executive commented on the number of events that had occurred over the past 12 months which had demonstrated failures in

governance at the Council. He therefore announced in his capacity as Head of Paid Service that he, together with the Monitoring Officer and Interim Section 151 Officer, were commissioning, with the support of the Leader of the Council, an independent review of governance across the Council. The review would cover policies, practices, capacity, and culture within the organisation. The outcome of the review, including findings and recommendations would be reported to this Committee in due course.

During the debate, the following points were raised:

- The Chief Executive's announcement of the wider review of governance across the Council was welcomed, and it was hoped that councillors, amongst many others, would be asked for their views.
- In the context of the Chief Executive's announcement, a committee member noted with some surprise that internal auditors were comfortable that the overall control environment at the Council was robust.
- It was noted that the audit process had failed to identify some of the issues and challenges around governance, and the Committee should perhaps be asking questions about the audit process and exercising greater scrutiny over it. The AGS had accurately summarised the audit findings.

Having considered the report, the Committee

RESOLVED: That the Council's Annual Governance Statement for 2022-23, as set out in Appendix 1 to the report submitted to the Committee be adopted and published alongside the adopted statement of accounts for 2022-23.

Reason:

To comply with the Accounts and Audit Regulations 2015, the Council must prepare, approve, and publish an Annual Governance Statement.

CGS51 FINANCIAL MONITORING 2023-24: PERIOD 6 (APRIL TO SEPTEMBER 2023)

The Committee's attention was drawn to an error in the table in paragraph 10.2 of the report (General Fund Summary). The projected outturn for 2023-24 on the Net General Fund Cost should have read: £11,065,909, which would leave a surplus of £186,791 rather than a deficit of £613,209. There were also errors in Appendix 1 to the report (Summary of Directorate Variances) where the comments at the beginning of each Directorate's variances had incorrectly summarised the variances even though the figures in the tables were correct.

The chairman suggested that consideration of this report be deferred to the next meeting to enable a corrected version of the report to be circulated to the Committee.

The Lead Councillor for Finance and Property advised that it was proposed to bring a further financial monitoring report (for Period 7) to the Committee at its next meeting and its focus at that meeting ought to be the most up to date monitoring report rather than a corrected version of the report on this agenda.

Officers would circulate the corrected version of the Period 6 report to the Committee and invite members to discuss any part of it.

The Committee

RESOLVED: That consideration of the corrected Period 6 Monitoring Report be deferred to the next meeting of the Committee.

Reason:

To enable the Committee to note the corrected report.

Action:	Officer to action:
<ul style="list-style-type: none">• To circulate the corrected version of the Period 6 Financial Monitoring report to the Committee and invite members to discuss any part of it.• To ensure that the corrected Financial Monitoring Report is included on the agenda for the next meeting on 18 January 2024	Executive Head of Finance

CGS52 GOVERNANCE FRAMEWORK: GUILDFORD BOROUGH COUNCIL HOUSING SERVICES

The Committee noted that there had been some non-compliance issues within the Council's Housing Service, which had led to a lack of governance around contract management, people management and financial controls. The Committee considered a report on a governance review in respect of the Housing service to ascertain how such failures had arisen, to make recommendations to provide a more robust governance framework and an action plan to provide assurance of compliance going forward.

The Monitoring Officer reported that over the past three months, a significant amount of work had been undertaken by a number of officers in respect of various work streams, details of which were set out in the appendix to the report. Each of the work streams was being monitored via the governance of a newly established strategic project group, comprising of the relevant Director and Head of Service, two of the statutory officers and other specialist officers across the Council.

It was now proposed to establish a further work stream, which would be an internal governance review team, to look at exactly how the Council had got into this position and to make recommendations and an action plan for implementation going forward, so that the Council could be assured that there could be no recurrence of these failures.

The Committee noted that the two existing workstreams were the external investigation team, and the strategic project group. The new internal governance team would report into a strategic project board comprising the Council's three statutory officers, the relevant director, and also the Leader of the Council and the Chairman of this Committee. The board would then, in due course, report back to this Committee and ultimately to Full Council with their findings. At this stage, the Committee was simply being asked to note the report and the work that was ongoing and the framework that had been put in place, and to receive a further report back from the Strategic Project Board in approximately six months, or sooner if that was feasible.

During the debate the Committee heard the following comments:

- Concerns regarding lack of transparency and public scrutiny, with the first progress report coming a full year after the governance failures had been discovered. The magnitude of the sums involved demanded immediate public scrutiny. In response to a suggestion that the monthly reports being prepared should be made public, the Monitoring Officer reassured the Committee that transparency was at the heart of the proposals contained in the report which would result ultimately in a report back to this Committee and to full Council at a point when there were some findings to be shared with members. However, there were clearly some sensitivities around this piece of work and there would be some information being fed back to the Project Board, particularly from the external investigation team, which would be sensitive and confidential at this stage and could jeopardise the Council's longer-term position of trying to recover any financial losses that may have been incurred.
- In response to concerns over the full cost of the investigation (up to £350,000), the Monitoring Officer indicated that this figure was at the upper end of the anticipated overall cost of what was a very complex piece of work, pulling together many strands requiring full and independent investigation into the various governance issues around the housing services.
- It was very likely that there would be an interrelationship between this governance review and the wider governance review announced by the Chief Executive earlier in the meeting, and the outcome and recommendations of the governance review in respect of the housing service would feed into the wider governance review.

- In response to a query as to how an issue that was ring-fenced in the Housing Revenue Account had a financial impact on the General Fund, the Committee noted that officers were cognisant of that issue and gave assurance that nothing would be charged to the General Fund in relation to this matter if it should properly be charged to the HRA.
- Concerns over the involvement in the Strategic Project Board of the Leader of the Council, who had been the Lead Councillor for housing at the time the governance failures had occurred. Further concerns were expressed that the Strategic Project Board was not a cross party Board and chaired by an opposition group member.
- The proposed Strategic Project Board would involve councillors based on their role, not on their political party affiliation, and officers whose role is to serve the Council, including councillors of all parties. It was noted that all Councillors had received a confidential briefing on this matter and political group leaders had also been updated periodically. Bearing in mind the complexity of housing maintenance contracts involving many separate jobs on hundreds of houses, it was no surprise that it had taken time to understand the situation and put in place actions to ensure the housing team was able to function going forward and to prioritise the safety of tenants.
- In response to concerns over the time taken to set up this governance review, its complicated structure, and the proposed frequency of reports back to this Committee, the Monitoring Officer stated that a significant amount of work had already been undertaken in respect of the investigation, and the Strategic Project Group had been in place since early September and had met on a weekly basis with progress being made in respect of several workstreams. When the matter first came to light, officers had prioritised actions that needed to be taken to stop any wrongdoing that was ongoing at the time and dealing with various legal and contractual issues, as well as gathering evidence.
- Welcome candid report acknowledging that anything involving contractors and building contracts was complex, and the matter would not be resolved very quickly, but would also welcome more frequent feedback to the Committee even if such feedback was given verbally whilst recognising the sensitivities.
- In response to a request that the Leader and Deputy Leader of the Council reconsider the membership of the Strategic Project Board, the Deputy Leader indicated that he would discuss this with the Leader, the Monitoring Officer, and the Chief Executive, but acknowledged that whilst there was a desire to be as transparent as possible, information previously given in confidence to all councillors in respect of this matter had been disclosed to the press.

The Committee

RESOLVED: That the contents of the report be noted and that a report from the Strategic Project Board be submitted to the Committee in approximately six months' time.

Reasons:

To ensure that the Committee has oversight of this matter by providing an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The Committee's terms of reference include its role in considering the Council's arrangements for corporate governance and recommending to the Council any action necessary to ensure compliance with best practice.

Action:	Officer to action:
To submit an update report to the Committee from the Strategic Project Board in six months' time.	Monitoring Officer

CGS53 EXCLUSION OF THE PUBLIC

The Committee

RESOLVED:

- (1) That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of agenda item 10 on the grounds that it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item, there would be disclosure to them of exempt information (as defined by Section 100I of the Act) of the description specified in paragraph 2 of the revised Part 1 of Schedule 12A to the Local Government Act 1972: 'Information which is likely to reveal the identity of an individual'.
- (2) That the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

CGS54 WHISTLEBLOWING: GUILDFORD BOROUGH COUNCIL BEREAVEMENT SERVICES

The Committee considered a report by the Monitoring Officer in respect of concerns raised formally under the Council's Whistleblowing Policy regarding allegations of inappropriate behaviour/conduct by a member of staff within, and

subsequently the operational practices by, the Council's Bereavement Services team.

The allegations had been investigated internally and, subsequently, by an external investigator who carried out a full investigation and submitted their findings and recommendations to the Strategic Director, Community Wellbeing and relevant Executive Head of Service, which led to improvement plans being implemented. Full details of the investigator's findings and recommendations, the improvement plans, including progress against those plans, were set out in the committee report.

The Committee noted that the current Whistleblowing Policy (dated 2017) was overdue for a review and that steps were being taken to review and update the policy and align it, where appropriate, with Waverley Borough Council's Policy. It was anticipated that a further report on the matter would be submitted to the Committee for consideration within the next six months.

The Committee

RESOLVED:

- (1) That the contents of the report be noted.
- (2) That a further report on the review of the Council's Whistleblowing Policy be submitted to the Committee within the next 6 months.

Reasons:

- The Committee was a key component of the authority's corporate governance regime, and provided an independent and high-level focus on the assurance and reporting arrangements that underpin good governance.
- The Committee had, within its terms of reference in Part 3 paragraph 14: "To consider an annual report of the operation of the whistle-blowing policy, including incidents reported".

Action:	Officer to action:
To submit a further report to the Committee within six months on the review of the Council's Whistleblowing Policy.	Monitoring Officer

The meeting finished at 8.57 pm

Signed

Date

Chairman