

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

16 January 2025

- \* Councillor Phil Bellamy (Chair)
- \* Councillor Bob Hughes (Vice-Chair)
- 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 Leader of the Council, Councillor Julia McShane, the Lead Councillor for Commercial Services, Councillor Catherine Houston, the Lead Councillor for Finance & Property, Councillor Richard Lucas, and the Lead Councillor for Community and Organisational Development, Councillor Carla Morson, were also in attendance.

The Lead Councillor for Engagement and Customer Services Councillor Angela Goodwin, the Lead Councillor for Regulatory & Democratic Services, Councillor Merel Rehorst-Smith and Councillors James Jones and James Walsh were in remote attendance.

This meeting was held simultaneously with Waverley Borough Council's Standards Committee, with both committees considering the same agenda items, and having had the benefit of taking into account the debate from the other meeting before taking the decisions referred to below.

### **CGS75 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillors Ruth Brothwell, George Potter, and James Walsh.

### **CGS76 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

### **CGS77 MINUTES**

The minutes of the meeting held on 14 November 2024 were confirmed as a correct record.

The chair signed the minutes.

#### **CGS78 QUESTIONS FROM MEMBERS OF THE PUBLIC**

There were no questions from members of the public.

#### **CGS79 QUESTIONS FROM MEMBERS**

There were no questions from members.

#### **CGS80 OFFICER DECISION MAKING PROTOCOL**

The Committee considered a report from the Monitoring Officer which noted that compliance with good governance in respect of officer decision making could be improved by the Council.

The report had set out a protocol which sought to ensure clarity around the Council's expectations as to officer decision making and their adopted procedures. The protocol also provided a governance framework that promoted transparency, accountability, scrutiny, consultation, and decision making at an appropriate level with member engagement.

At its meeting held on 21 November 2024, the Joint Constitutions Review Group had considered this matter and had recommended to this Committee that it recommends adoption of the Protocol by full Council.

During the Committee's debate on this matter, it was suggested that the penultimate bullet-point in paragraph 3.3 of the Protocol could be amended to read:

“Any relevant professional advice from other Officers such as legal and/or finance colleagues, *including third party advice*, where appropriate;”

Having considered the report, the Committee

RESOLVED: To recommend to the Council, at its extraordinary meeting on 22 January 2025, the adoption into the Constitution of the Officer Decision Making Protocol, attached as Appendix 1 to the report to the Committee, subject to the above amendment.

#### Reasons:

- To ensure clarity around Officer Decision Making.
- To provide a governance framework for officer decision making that ensures compliance with statutory requirements and promotes transparency, accountability, scrutiny, consultation and member engagement.

<b>Action:</b>	<b>Officer to action:</b>
To refer the Committee's recommendation to full Council on 22 January 2025	Democratic Services & Elections Manager

**CGS81 PROPOSED CHANGES TO THE ARRANGEMENTS FOR DEALING WITH ALLEGATIONS OF MISCONDUCT BY COUNCILLORS AND CO-OPTED MEMBERS**

The Committee noted that both Guildford and Waverley currently operated with a different Code of Conduct for Councillors and co-opted members and had different arrangements in place for the Monitoring Officer to deal with complaints of misconduct by councillors. The Committee considered a report which proposed one set of arrangements for both Councils to adopt.

At its meeting held on 16 December 2024, the Joint Constitutions Review Group had considered this report and had recommended to both this Committee and Waverley's Standards Committee that they recommend the adoption of the revised arrangements by their respective councils.

During the debate on this matter, the following points were raised:

- It was suggested, in respect of section 12 of the proposed arrangements (Informal Resolution), that requesting the subject member to apologise as a form of informal resolution was actually an admission by the subject member that they had erred and therefore a breach of the code, albeit at a very low level, had taken place. In response, the Senior Governance Officer indicated that it was possible that a subject member could apologise to a complainant even if there had not been an investigation into whether there was a breach of the code. Similarly, the monitoring officer could still identify a training need and recommend that the subject member should attend appropriate training even though there had been no determination as to a breach of the code. The Senior Governance Officer also reminded the Committee that the draft revised Arrangements were based on the LGA's model guidance.
- The Committee's attention was drawn to the wording in paragraph 12 .1 which stated that informal resolution did not mean that a subject member had been found to have breached the Code of Conduct, because the matter had not been investigated at that stage.
- When this matter had previously been reviewed by a former task group of this Committee, it was felt that keeping timescales slightly longer was important to enable the subject member to seek their own independent legal advice. Concern was expressed about the shortening of those timescales. In response, the Senior Governance Officer commented that the shortening of timescales was more about officers doing things faster, not for members to be rushed.

Having considered the report, the Committee

RESOLVED: That Full Council, at its extraordinary meeting on 22 January 2025, be recommended to adopt into the Constitution the revised Arrangements for dealing with Allegations of Misconduct by Councillors and Co-Opted Members, as set out in Appendix 1 to the report submitted to the Committee.

Reason:

Having one set of Standards Arrangements would make the process clearer for residents and members, as well as officers who managed standards complaints.

Action:	Officer to action:
To refer the Committee's recommendation to full Council on 22 January 2025	Democratic Services & Elections Manager

## **CGS82 PROPOSED BUDGET PROCEDURE RULES**

The Committee noted that all councils had a responsibility to set a balanced budget (including council tax) before 11 March in every year. The Committee considered a report which set out a proposed set of procedure rules for setting the budget, including timescales for amendments to be considered by Finance.

At its meeting held on 16 December 2024, the Joint Constitutions Review Group had considered this matter and had recommended to this Committee that it recommends adoption of the proposed Budget Procedure Rules by full Council.

During the debate on this matter, the following points were raised:

- The Joint Constitutions Review Group, when it considered this matter on 16 December, requested that the draft Budget Procedure Rules include provision for members to table non-financial amendments, which had no impact on the Executive's draft budget.
- It was suggested that the following be added to the end of paragraph 7.13 of the draft Budget Procedure Rules:

*"Any minor amendment which does not have a material effect on the Executive's draft budget may be proposed at the Budget Meeting."*

Having considered the report, the Committee

RESOLVED: That Full Council, at its extraordinary meeting on 22 January 2025, be recommended:

- (1) To adopt into the Constitution the Budget Procedure Rules, as set out in Appendix 1 to the report submitted to the Committee, subject to the amendment of paragraph 7.13 of the draft Budget Procedure Rules by the addition of the following at the end of that paragraph:

*“Any minor amendment which does not have a material effect on the Executive’s draft budget may be proposed at the Budget Meeting.”*

- (2) That the Monitoring Officer be authorised to make any consequential amendments to the Constitution.

Reasons:

- A procedure for holding a Budget Setting Council meeting would ensure that there are appropriate timescales for the scrutiny of any proposed amendments to the Budget, and that the legal requirements are met.
- It would also ensure that any amendments have been considered by the Joint Strategic Director – Finance & Resources and that members were aware of the financial implications of any amendments without the need for adjournments.

<b>Action:</b>	<b>Officer to action:</b>
To refer the Committee’s recommendation to full Council on 22 January 2025	Democratic Services & Elections Manager

The meeting finished at 6.48 pm

Signed .....

Date .....

Chairman

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The Lead Councillor for Engagement and Customer Services Councillor Angela Goodwin, and the Lead Councillor for Regulatory & Democratic Services, Councillor Merel Rehorst-Smith were in remote attendance.

### **CGS83 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillor Ruth Brothwell.

### **CGS84 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

### **CGS85 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, whilst welcoming the updates on the Supplementary Agenda Pack, noted that there were still a number of actions that remained outstanding and hoped that information on these would be provided at the earliest opportunity.

The Committee

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

**CGS86 QUESTIONS FROM MEMBERS OF THE PUBLIC**

There were no questions from the public.

**CGS87 QUESTIONS FROM MEMBERS**

There were no questions from Members.

**CGS88 GLOBAL INTERNAL AUDIT STANDARDS IMPLEMENTATION**

The Committee considered a report from the Council's Internal Auditors on the implementation of new Global Internal Audit Standards, to which public sector internal audit functions would have to comply when they come into effect from 1 April 2025.

The new standards would replace the current public sector internal audit standards to which the current Internal Auditors adhered in the provision of their internal audit service.

The key differences and new aspects coming into the standards that were not currently within the Public Sector Internal Audit Standards were explained the Committee, in particular the requirements within the new standards regarding key performance indicators for the measurability of the effectiveness of the internal audit service and also the requirement to have an internal audit strategy which would support the audit plan and the audit charter. The Internal Auditors were currently in the process of drafting communications for the purpose of discussing possible key performance indicators for the internal audit service.

Having considered the report, the Committee

RESOLVED: That the pending implementation of the Global Internal Audit Standards be noted.

Reason:

The Committee has a responsibility to ensure compliance with the Accounts and Audit Regulations (England) 2015.

**CGS89 INTERNAL AUDIT 2024-25 PROGRESS REPORT**

The Committee considered an update report from the Southern Internal Audit Partnership on the progress of the Council's Internal Audit service against the approved Internal Audit Plan for 2024-25 for Quarters 1 – 3.

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.

The internal auditors highlighted the continuing progress being made in implementing management actions, and that there was only one overdue action that was considered to be a high priority.

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

- In response to a question as to how officers were addressing the high priority overdue management action related to housing benefits overpayments, it was explained that the issue centred around a lack of a direct interface between the housing benefit overpayment system, which was Civica, and Business World. Currently, an experienced officer was manually reconciling figures between the two systems, which was very time consuming.
- It was suggested that it would be useful for the Committee to understand in respect of the Rolling Work Programme in which quarter reviews were planned to take place and, ideally, the planned date for the final report so the Committee could monitor progress against the work programme, and note any commentary as to reasons for delays. In response, the Internal Auditors agreed that this could be incorporated into the revised template format of future reports.

Having considered the report, the Committee

RESOLVED: That the internal audit progress report to October 2024, as detailed in the report submitted to the Committee be noted.

Reason:

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

Action:	Officer to action:
To indicate in the Rolling Work Programme section of future reports details of the quarter in which reviews were planned to take place and the planned date for the final report including any commentary to explain reasons for any delays.	Iona Bond Southern Internal Audit Partnership



The Committee considered an update report on the Council's corporate risks, as at the end of Quarter 2 for 2024-25.

The corporate risk register had undergone review with individual risk owners and the wider Joint Leadership Team. Details of the substantive changes that had been made to the risk register since the Committee last received an update on risk in September 2024 were set out in the report.

The Committee noted that no corporate risks had been identified for closure in the report. However, one new risk had been identified and it concerned the recent changes to the National Planning Policy Framework and the development of a new local plan.

During the debate on this matter, the Committee made the following comments and observations:

- In relation to the summary of the RAG ratings and the directions of travel, disappointment was expressed regarding the lack of impact of the remedial actions over the last quarter on the RAG status. There had been no decreases in risk, which begged the questions, would the remedial actions in place have been expected to produce a reduction in risk? And if not, why not? Does the Council need to be doing more? Is the Corporate Leadership Board (CLB) satisfied with the progress? In response the Corporate Strategy & Performance Manager explained that the nature of these risks were the time horizons, and the potential impacts were generally of a strategic nature and quite significant. In terms of the mitigations that were either in place or planned, there were many variables associated with risk and targets could often shift due to change in circumstances. Officers would be happy to pick up any specific detail on any risk the Committee was particularly concerned about. The Committee also noted that the CLB received regular monthly updates on the corporate risk register and associated issues.  
There were many corporate risks that the Council had limited ability to completely mitigate and reduce the likelihood of them happening.
- It was noted that many of the risks, the red ones in particular, for example, referenced other improvement plans, and it was suggested that it would be good practice to draw the top couple of risks out of those improvement plans and explicitly put them into the tables.
- In relation to the new risk associated with the new NPPF and the need for an update of the local plan, it was noted from the report that, in the absence of a five-year land supply, there was a high risk of speculative applications on non-allocated sites. It was further noted that there had been a constant stream of applications on non-allocated sites for the past five years of the existing local plan, without the infrastructure in

place in respect of these sites. This had resulted in risks of costs from appeals, and also from residents bringing judicial reviews. There was also disappointment that there appeared to have been little progress being made with work on the update of the Local Plan. It was suggested that, if progress had been pushed sooner, the Council would not be having to look at this in the context of the new NPPF.

- Contrary to the above comment, it was suggested that a great deal of work had been carried out by the Local Plan Panel over the past year. In terms of five-year housing land supply, it was suggested that the principal issue was the new housing target imposed by the government, which meant that at least twice the number of houses would need to have been built since the local plan was adopted in order to have had any chance of having a five-year housing supply based on the new target. In reality, had it not been for the smaller developments that came forward, which were not speculative development on the Greenbelt, the housing supply over the past five years would have been even lower, and the Council would be even further behind the target that had been imposed. Furthermore, it was important to note that the new NPPF, and the new housing targets, had only been published before Christmas.
- In response to a concern that there was no reference in the Risk Register to the overspend in the Housing Revenue Account and the associated investigation into alleged fraud, the Corporate Strategy & Performance Manager clarified from a methodology perspective the distinction between risks, which were things that might happen, and issues which were things that had happened. The issue regarding the overspend had influenced the drafting of Risk CR3 (Fraud Prevention), which had controlled the mitigations identified. However, in the absence of any detail to hand in respect of the HRA overspend, the Corporate Strategy & Performance Manager indicated that he would consult with the relevant officers and seek a written response.
- In response to a question as to whether the development of a new ICT Strategy to mitigate against risk CR8 (Insufficient IT model for level of change) would be outsourced, the Joint Strategic Director for Economy Planning and Place commented that the new ICT strategy was vital, because the Council needed to make significant investment now in terms of upgrading and improving its current IT approach and, in parallel with that, there was a need for a long-term plan in respect of future ICT provision to enable collaboration and, beyond that, potential local government reorganisation. Work had already commenced to accelerate that process, and an update would be provided to the Committee.

Having considered the report, the Committee

RESOLVED: That, subject to the comments and observations set out above, the updated corporate risk register, as at the end of Quarter 2 for 2024-25 be noted.

Reason:

To support the Committee’s constitutional role in respect of risk management.

Action:	Officer to action:
(a) To consider, as good practice, including the principal risks currently referenced in various improvement plans into the tables within the Corporate Risk Register.	(a) Corporate Strategy & Performance Manager
(b) To provide a written response in respect of including reference in the Risk Register to the overspend in the Housing Revenue Account and the associated investigation into alleged fraud.	(b) Corporate Strategy & Performance Manager
(c) To provide an update to the Committee on the work being undertaken to develop a new ICT Strategy to mitigate against risk CR8 (Insufficient IT model for level of change)	(c) Joint Strategic Director for Economy Planning and Place

**CGS91 RISK MANAGEMENT STRATEGY 2025-26 TO 2028-29**

The Committee considered a report on a new risk management strategy for the Council, which had been presented for review and comment ahead of anticipated adoption by the Executive at its meeting on 23 January 2025.

The strategy articulated the approach to risk management at the Council. It committed the Council to risk management as a core component of effective governance, leadership as well as the direction, control and management of the organisation at all levels. The strategy had been developed to ensure conformance with sector best practice and guidance, as well as the risk profile of the Council. Its development was a key action of the Council’s Improvement Plan, arising from the independent governance review undertaken by Solace in 2024.

The Council had worked closely with Zurich Resilience Solutions in creating the strategy, including in the development and inclusion of an explicitly defined risk appetite.

Zurich had also acted as a ‘critical friend’ in the strategy’s development and had confirmed that it was comprehensive and met standards of good practice.

The strategy was accompanied by a risk management methodology, which was appended to the report. The methodology had set out, in detail, how the principles and objectives of the strategy were to be achieved at the Council.

The following points were made by the Committee during the debate on this matter:

- In relation to the objectives of the strategy it was suggested that it might be useful to add an objective along the lines of ensuring that the management of risk is consistent with the Council's obligation to provide Value-For-Money. In response, the Corporate Strategy and Performance Manager agreed to add this to the objectives.
- Assurance was sought that there was going to be an appropriate change management activity associated with implementation of the Strategy including staff and member training and an accompanying toolkit. In response, the Corporate Strategy and Performance Manager confirmed that officers were working on an implementation plan to ensure that appropriate systems and processes were in place to support a risk informed culture across the organisation.
- The importance of undertaking a post-implementation review was emphasised. In response, the Corporate Strategy and Performance Manager indicated that there were a number of options to measure the success of implementation of the Strategy – including a review by internal auditors, further engagement with Zurich, and seeking ISO certification.
- Acknowledgement of the significant improvement in the quality of the proposed Strategy.
- It was noted that, when reporting on risks, it would be useful to provide an assessment of the effectiveness of controls and mitigations to provide stakeholders with assurance. It was confirmed that this would be picked up as part of the implementation plan.

Having considered the report, the Committee

RESOLVED:

- (1) To note the risk management strategy (2025-26 – 2028-29).
- (2) To submit the above comments and observations on the contents of the strategy to the Executive.

Reason:

To enable the Council to have effective arrangements in place for the management of risk.

<b>Action:</b>	<b>Officer to action:</b>
To refer the Committee's recommendation to Executive on 23 January 2025	Democratic Services & Elections Manager

**CGS92 PROPOSED CHANGES TO THE MEMBER CODE OF CONDUCT**

The Committee noted that the Council had adopted a revised Code of Conduct in October 2020 based on the recommendations of the Committee on Standards in Public Life, with subsequent amendments agreed in 2021. The Committee considered a report which proposed that the Council consider adopting the Local Government Association's (LGA) Model Code of Conduct, in place of the existing Code of Conduct for Councillors.

In order to support Councils, the LGA had produced a Model Code of Conduct in December 2020 for Councils to adopt in whole and/or with local variations. The LGA kept the Code under annual review to ensure it continued to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA Model Code also encompassed the recommendations from the Committee on Standards in Public Life, including the 'Nolan' principles.

The report had also included a comparison of the Council's current Code of Conduct against the Model Code. It was noted that most areas were broadly similar, other than the following:

- (a) The current Code contained information on predetermination. This was not a Code of Conduct matter, but it was acknowledged that members should be provided with advice on this area.
- (b) Dispensations. Whilst these were referred to in the current Code, no reference was made to them within the Model Code. If the Council were to adopt the Model Code, a separate protocol for obtaining a dispensation would need to be agreed. This would be the subject of a separate report to the Committee.

During the debate, the Committee made the following points:

- It was noted that the current Code included provision for its review every four years, and it was suggested that a similar provision be included in the Model Code, subject to earlier reviews where required as a consequence of any changes proposed to the Model Code by the LGA in its annual review. The Senior Governance Officer indicated that she would expect

that any review of the Code, together with any proposed changes, would be included in the Monitoring Officer's Annual Report to the Standards Committee, subject to the submission of an earlier report to the Committee if considered appropriate by the Monitoring Officer.

- It was noted that the current Code made provision for councillors to register and pass on any unsolicited gift of a value of £50 or more to the Mayor's Office for donation to a charity or raffle where it was impracticable to return any such gift, or the return would cause offence. As the Model Code had simply made provision for the registration of such gifts, it was suggested that a similar provision should be carried forward into the Model Code.

Having considered the report, the Committee

RESOLVED:

- (1) That the Council, at its extraordinary meeting on 22 January 2024, be recommended to agree that the LGA Model Councillor Code of Conduct, as set out in Appendix 1 to the report submitted to the Committee, be adopted and incorporated into the Constitution in place of the existing Code of Conduct for Councillors, subject to the addition of the following after the third sentence of the paragraph of unhighlighted text in section 10 (Gifts and Hospitality):

*"In such circumstances, you are advised to pass the gift to the Mayor's Office for donation to a charity or raffle as appropriate".*

- (2) That the process for dispensations be agreed by the Corporate Governance & Standards Committee and circulated to members.

Reasons:

- The LGA Model Councillor Code of Conduct was widely consulted on by the LGA and is reviewed by them on an annual basis.
- It is the recognised Code which is adopted by the majority of local authorities, including Waverley Borough Council and most of the Surrey Councils. This will make it easier for members who are twin-hatters with Surrey County Council, as they will be using the same Code.
- Having both Councils working to the same Code of Conduct will ensure that both Councils require the same standards of behaviour from members and co-opted members.
- The same Code of Conduct will provide more transparency for residents and greater clarity for staff, particularly in the case of, for example, joint meetings and shared decision making.

Action:	Officer to action:
(a) To refer the Committee’s recommendation to full Council on 22 January 2025 (b) To submit a further report to the Committee on the process for dispensations	(a) Democratic Services & Elections Manager  (b) Senior Governance Officer

**CGS93 WORK PROGRAMME**

The Committee considered its updated work programme and noted that invitations had been sent to councillors regarding the proposed special meeting of the Committee on 20 February 2025 to deal with the audit findings report in respect to be 2023-24 accounts.

The Committee also noted from the Supplementary Agenda Pack that, in recognition of the move to a dedicated Audit and Risk Committee from June 2025, the Council’s Internal Auditors had agreed with the Joint Strategic Director for Finance and Resources that, rather than bring the Internal Audit Charter 2025-26 to the Committee in March, it should be deferred to the new Audit and Risk Committee in June for approval where it would be presented alongside an Internal Audit Strategy that was now also required as part of the implementation of the new Global Internal Audit Standards.

The Committee therefore noted that the following Internal Audit reports would be included on the agenda of the first meeting of the new Audit & Risk Committee:

- 2024-25 Annual Audit Report,
- Q2 Internal Audit Plan,
- Internal Audit Charter 2025-26,
- Internal Audit Strategy (new document) 2025-26.

The Committee

RESOLVED: That, subject to the above changes, the 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 7.50 pm

Signed .....

Date .....

Chairman