

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

6 October 2022

- * Councillor George Potter (Chairman)
- * Councillor Deborah Seabrook (Vice-Chairman)

Councillor Liz Hogger
Councillor Nigel Manning
* Councillor Susan Parker
* Councillor Tony Rooth
Councillor James Walsh

Independent Members:

Maria Angel MBE
* Murray Litvak

Parish Members:

* Julia Osborn
Ian Symes
* Tim Wolfenden

*Present

The Lead Councillor for Governance, Councillor Joss Bigmore and the Lead Councillor for Development Management, Councillor Tom Hunt were also in attendance.

CGS30 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Nigel Manning and James Walsh, and from Maria Angel MBE.

Councillors Jo Randall and Angela Gunning attended as substitutes for Councillors Nigel Manning and James Walsh respectively.

CGS31 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS32 SUMMARY OF INTERNAL AUDIT REPORTS (APRIL TO OCTOBER 2022)

The Committee considered a report on progress made by the Council's internal audit manager (KPMG) on their internal audit plan for 2022-23 for the period April to October 2022, which included a summary of the work that they had concluded since the previous report to Committee and what they had planned to do ahead of the next.

The report also reviewed:

- (a) the design and effectiveness of the complaints handling processes and controls. KPMG had provided 'partial assurance with improvements required' (amber/red rating) in that regard; and
- (b) processes and controls around payroll and had provided 'significant assurance with minor improvement opportunities' (amber/green rating) in that regard.

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

- In response to a question as to whether complainants in respect of unresolved outstanding complaints were kept up to date with progress at regular intervals, the Strategic Director: Transformation and Governance confirmed that they were, especially where it was anticipated that there would be a delay in responding.

- Concerns over one complaint being outstanding for over a year, and the poor performance for meeting the target for initial acknowledgement of complaints. It was suggested that a considerably shorter target timescale than March 2023 should be set to improve complaints handling. It was acknowledged that the customer service team had gone through a major transformation and would become more resilient over time, and ultimately provide a better service. It was also accepted that some of these complaints were particularly complex often requiring input from several departments, or external bodies. It was anticipated that improvements would be in place before the end of March 2023.
- The Joint Chief Executive confirmed that the whole approach around customer service and customer engagement would be a top priority for the new Joint Management Team, which was now in place.
- The Chairman requested that a more detailed breakdown of the action to be taken within the management action plan to improve complaint handling be circulated to the Committee.
- The auditor's rating for Financial Controls: Payroll of 'significant assurance with minor improvement opportunities' was queried given the impact on the overall budget of the salary budget discrepancy that had recently come to light following Future Guildford. The internal auditors commented that the scope of their financial controls review on payroll was around looking at processes and controls and did not extend to looking at the budget variance mentioned. It would, however, be in scope for the forthcoming budgetary controls review.
- In response to a question as to whether the 25 sampled complaints were representative of the overall number and type of complaints received, the internal auditor confirmed that they were; and also, whether, within the 25 sampled complaints, there was any trend showing a greater number of complaints regarding particular services, the Committee was informed that there was no such trend. The Chairman requested that details of the 25 sampled complaints be circulated to the Committee.
- The Joint Chief Executive suggested that rather than focusing on the 25 sampled complaints, there needed to be a more comprehensive discussion, probably as part of the performance monitoring process, around customer service and complaints handling in the round using a wider range of more meaningful statistics.
- In response to a question as to whether, in light of management's forecast rating of assurance for both areas had been amber-red and that it appeared that management was already aware of shortcomings in both areas, any remedial action was already in hand at the time of the audit, the Joint Strategic Director: Transformation and Governance, confirmed that, within the areas identified some improvements were being put in place. The Joint Chief Executive confirmed that internal audit works very closely with management in determining what should be in the audit plan and the main purpose of internal audit was to help management discover root causes of problems and to identify potential solutions to them.
- It was suggested that Overview and Scrutiny Committee may wish to focus on, as part of the performance monitoring process, the more qualitative performance indicators. The Chairman suggested that the Committee asks the Corporate Management Board to consider adding a new KPI to the Performance Monitoring Report to Overview and Scrutiny Committee on complaint handling and the time taken to resolve complaints.
- It was also suggested that the Corporate Management Board be requested to bring a brief update to the Committee at its March 2023 meeting, so that it could receive assurance that the agreed management actions were being carried out.
- In response to the Chairman's comments regarding the Council's poor performance in responding promptly to complaints and general enquiries and a question as to why it had

taken until this audit review for the scale of the problem to be recognised and reported to councillors, the Committee were reminded that management had already put in place remedial measures to address the issues, for example in dealing with the large increase in the submission of planning applications, and improving training for the customer services team. It was accepted that there should have been better reporting to councillors of the scale of the problem across all the Council's services.

- In response to a question on the internal auditor's finding in relation to payroll, in particular that there were "no formal policies or procedures outlining roles and responsibilities of officers across HR, payroll and resources", the internal auditor clarified that they had found that the experience and skills of the relevant officers were extensive and that they were aware of the procedures to follow and the majority of their testing reflected that those processes were well known and well embedded. However, it was the lack of formal documentation of those processes that the internal auditor had highlighted.

The Committee

RESOLVED: That the Internal Audit Progress Report (April to October 2022), attached as Appendix 1 to the report submitted to the Committee, together with the key findings from the reviews undertaken since the last report to the Committee, be noted.

Reason:

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

Action:	Officer to action:
<p>To circulate to the Committee:</p> <ul style="list-style-type: none"> (a) details of the 25 sampled complaints referred to in the internal audit review (b) a more detailed breakdown of the action to be taken within the management action plan to improve complaint handling be circulated. 	<ul style="list-style-type: none"> (a) KPMG (b) Executive Head of Communications and Customer Service
<p>The Corporate Management Board be requested to:</p> <ul style="list-style-type: none"> (a) consider adding a new KPI to the Performance Monitoring Report to Overview and Scrutiny Committee on complaint handling and the time taken to resolve complaints; and (b) bring a brief update to the Corporate Governance & Standards Committee at its 15 March 2023 meeting, so that it could receive assurance that the agreed management actions were being carried out. 	<p>Joint Strategic Director: Community Wellbeing/ Executive Head of Communications and Customer Service</p>

CGS33 SECTION 106 MONITORING REPORT

The Committee considered a monitoring report showing the details of Section 106 contributions that had been secured, received, and spent as at the date of the report. In cases where the contribution had not yet been spent, the report had shown whether the contribution had been committed to a project.

The Committee noted that Section 106 Agreements could be used to secure financial contributions towards infrastructure. The Council would only seek contributions where a proposed development created additional need or exacerbated an existing deficiency and

where it complied with the three tests set out in the Community Infrastructure Levy Regulations 2010 (as amended).

Section 106 Agreements were recorded and monitored using a module of the Acolaid planning database, from the signing of the agreement to spending the contributions. The Council's Finance team also kept a monitor of income and spend of developer contributions.

Detailed information on Section 106 contributions towards infrastructure were included in the report, which was split into three main sections, S106 Funds Available, S106 Pending Funds and S106 Spent Funds.

As at 31 March 2022, there was a balance of £3,798,626 for GBC S106 contributions and £11,574,658 for the SPA Reserves as well as £8,278,877 for Surrey County Council (SCC) and other relevant bodies; these sums being developer contributions that had been received but not spent or passed to relevant bodies.

Following consideration of the first S106 Monitoring Report in April 2022, the Committee had requested various changes to the report which had now been implemented, which included:

- Grouping the report by Ward
- Add descriptions for all purpose types
- Additional section of the report showing the 'at risk funds',
- Removal of the 01/04/2019 date criterion from the Pending Funds section.

Detailed information on Section 106 contributions towards infrastructure was set out in the Monitoring Report. The information had been split into four main sections, S106 Expired Funds, S106 Funds Available, S106 Pending Funds and S106 Spent Funds. It was noted that the information regarding the allocation of S106 monies would be published on the Council's website in future.

During the debate, the Committee made the following points:

- It had been suggested by the chairman that future Section 106 Monitoring reports show not only the dates on which Agreements were signed but also the dates on which monies needed to be spent or allocated. It was noted, however, that the date by which S106 monies needed to be spent or allocated was dependent on when those monies were actually received by the Council, and in many cases, this might not have happened so in those circumstances it would not be possible to provide a 'spend by' date.
- In response to a request for a summary table of information showing the overall headings of Expired Funds, Available Funds, Pending Funds, and Spent Funds, officers indicated that the format of the report was an evolving document and that they would be happy to explore how information could be better displayed in future reports.
- In response to an enquiry as to how Surrey County Council (SCC) were made aware that they had £4.5 million of uncommitted Section 106 money to spend on primary and secondary education, and who ensured that that money was spent in the borough and not elsewhere in the county, officers advised that projects were identified at the planning application stage and the relevant spend authority (SCC) had to ensure that such projects met regulatory requirements and officers needed to be satisfied that those had been met before they would seek a contribution for such a project. It was for SCC as Education Authority to identify where those projects were required and to provide the evidence in support. Regular updates were provided to SCC notifying them of availability of new funds and requesting details of spend projects.

- Request for details within the monitoring report as to who was responsible for spending committed S106 monies and for more information about how much SANG and SAMM contributions were allocated to each site, perhaps by way of a pie chart.
- In response to a request for information as to the risk of having to repay the £196,365 of expired S106 monies and whether any developers had reclaimed any contributions, officers confirmed that the risk of repayment was low and that no expired funds had been repaid. Considerable progress was being made in terms of establishing the projects for which expired funds could be allocated.
- Concern that uncommitted funds had increased by £270,000 over the past six months compared to the figures in the April 2022 report and concern over adequacy of progress in committing and spending funds. It was suggested that future reports should make comparisons with the figures from the previous report with commentary, as appropriate, on the variance between the two.
- In response to a request for a definition of “committed funds”, officers confirmed that contributions were marked as committed when the relevant spend officer or authority had confirmed that they had spend plans for particular allocated contributions.

The Committee

RESOLVED:

- (1) That the Section 106 Monitoring Report be noted.
- (2) That the Lead Councillor for Development Management and officers be requested to give priority to expediting arrangements internally to ensure, as far as practicable, that “Expired Funds” are allocated to schemes, or purposes for which the S106 Agreement was entered into.

Reason:

To ensure that the Committee is informed of the extent to which S106 funds are available, pending, and spent/committed.

Action:	Officer to action:
To give priority to expediting arrangements internally to ensure, as far as practicable, that “Expired Funds” are allocated to schemes, or purposes for which the S106 Agreement was entered into.	Interim Head of Place/ Specialist – S106 Officer
To ensure future Section 106 Monitoring reports provide: (a) not only the dates on which Agreements were signed but also, where possible, the dates on which monies needed to be spent or allocated. (b) a summary table of information showing the overall headings of Expired Funds, Available Funds, Pending Funds, and Spent Funds (c) details as to who was responsible for spending committed S106 monies (d) more information about how much SANG and SAMM contributions were allocated to each site, perhaps by way of a pie chart. (e) comparisons with the figures from the previous report with commentary, as appropriate, on the variance between the two.	Specialist – S106 Officer

CGS34 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 financial year as well as during the first half of the 2022 calendar year.

The Committee noted that the Council had received 592 FOI/EIR requests during the 2021-22 financial year, of which 92% were responded to within the 20-working day deadline. This marked a 10% improvement in performance from the 2020-21 financial year. The Council therefore now exceeded the Information Commissioner's performance indicator of 85%, and the 90% target agreed by Corporate Management Team.

Furthermore, following the Committee's request to monitor, as an additional target, response rates dealt with within 10 working days, the Committee noted that, during the 2021-22 financial year, 225 requests (38% of the total) were responded to within 10 or fewer working days.

The Council's performance rate for the first quarter of the current financial year (April to June 2022) had seen a continuation of this trend with 93% of the 221 requests being on target, of which 80 (36%) had been closed within 10 or fewer working days.

The Committee

RESOLVED: That the Freedom of Information Compliance Report for 2021 be noted and that the Committee continues to receive six monthly 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

CGS35 DATA PROTECTION AND INFORMATION SECURITY UPDATE REPORT

The Committee considered a report from the Information Governance Officer that provided an update on developments in data protection and information security within the council since the last report of April 2022. The report covered governance successes, information assurance successes and objectives for the coming six months.

During the debate, the following points were made:

- In response to concerns over the poor take-up of cybersecurity training and the need to ensure that those who need the training actually receive it, the Information Governance Officer commented that he had highlighted the need for the training at the Privacy and Information Group, and that, since the report had been written, a number of officers had received the training. Further emails would be sent to publicise the training.
- It was suggested that the uptake of the training by both officers and councillors should be monitored, and the details reported to the Committee in the next report

The Committee

RESOLVED: That the update report be noted, and that the report be presented annually to the Committee in future.

Reason:

To ensure that the Committee is kept up to date with developments in the Council's data protection and information security framework.

Action:	Officer to action:
To include in the next report details of the uptake of cybersecurity training by both officers and councillors	Information Governance Officer
To provide the update report annually in future.	Information Governance Officer/Democratic Services and Elections Manager

CGS36 FINANCIAL MONITORING 2022-23

The Committee considered the Financial Monitoring Report, which summarised the projected outturn position for the Council's General Fund (GF) revenue account and Housing Revenue Account (HRA), based on the latest actual and accrued data to date.

This was an early insight mid-way through the financial year during a period of macro-economic uncertainty caused by seismic global and domestic factors which were changing rapidly. The report identified issues which must be immediately addressed, but also pressures which would vary in intensity during the year and would require a flexible and evolving response.

Officers were projecting a net budget shortfall on the GF revenue account of £3.3 million, which could potentially be met in year by financial discipline and a transfer from unearmarked reserves. £1.7 million of the shortfall related to current inflationary pressures and of that £1.6 million related to projections of utility costs on leisure centres. The report had set out: the detail behind these variations; areas for concern including a potential salary budget discrepancy and economic uncertainty; and actions to mitigate these risks.

The Corporate Management Board was currently implementing measures to address the budget gap in 2022-23 and the initial actions were set out in the budget pressures report considered by this Committee at its meeting on 29 September. As some of those measures would be one-off in-year adjustments, further action would be prioritised in the mid-year review of the Medium-Term Financial Plan which would be reported to the Committee in November.

The Council was currently forecasting to have £46.4 million in General Fund reserves at the end of the year and currently, £3.6 million of this was not earmarked for other purposes.

The surplus on the HRA would enable a projected transfer of £7.2 million to the new build reserve and meet the forecasted £2.5 million to the reserve for future capital at year-end.

Progress against significant capital projects on the approved programme as outlined in section 7 of the report was underway. The Council expected to spend £97 million on its capital schemes by the end of the financial year.

The Council's underlying need to borrow to finance the capital programme was expected to be £50.84 million by 31 March 2023, against an estimated position of £104.28 million. The lower underlying need to borrow was a result of slippage on both the approved and provisional capital programme, as detailed in paragraphs 7.2 to 7.7 of the report.

The Council held £131 million of investments and £279 million of external borrowing on 31 July, which included £147 million of HRA long-term loans. Officers confirmed that the Council had

complied with its Prudential indicators in the period, which were set in February 2022 as part of the Council's Capital and Investment Strategy.

During the debate, the Committee noted the following comments:

- In response to a request for clarification of the likely impact on utility costs of the Government's announcement on 21 September of a cap on the unit price for electricity for businesses and whether it would also apply to local authorities, officers indicated that no further detail on this had been received from the government. Once the detailed information was received officers would carry out sensitivity analysis in respect of the Council's energy costs and circulate the findings to all councillors.
- Concern over increasing costs of delayed schemes in the capital programme.
- Concern over impact on the Council's finances of the increasing cost of borrowing, particularly under the Public Works Load Board.
- Concern over impact of cost-of-living crisis on social housing tenants and their ability to pay their rent.
- Request that any future update from Arlingclose on the economic impact of the current financial situation as it affects the Council which is relevant to this discussion be circulated to all councillors.
- Request that future reports clarify the extent to which debts were overdue.
- Concern that there was a high proportion of overdue debt with no payment plan.

The Committee

RESOLVED: That the Council's financial monitoring for the financial year 2022-23 to date be noted and the Executive be asked to note the Committee's comments and observations referred to above.

Reason:

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

Action:	Officer to action:
<p>To circulate to the Committee:</p> <p>(a) Details of sensitivity analysis in respect of the Council's energy costs once the detailed information on any cap on unit prices was received</p> <p>(b) any future update from Arlingclose on the economic impact of the current financial situation as it affects the Council, particularly in terms of interest rates and impacts on vulnerable residents</p>	<p>Executive Head of Finance</p>
<p>To ensure that future reports clarify the extent to which debts were overdue and further information as to the reason why a high proportion of overdue debt has no payment plan.</p>	<p>Executive Head of Finance</p>

CGS37 COUNCILLOR TRAINING AND DEVELOPMENT ANNUAL REPORT 2022-23

The Committee considered the annual report from the Councillor Development Steering Group, which set out details of the training and development opportunities for councillors, including training events held since September 2021. The report had highlighted, amongst other things, the importance of developing a more collaborative approach with Waverley in respect of member training in order to provide greater opportunities for councillors of both authorities to attend, on a reciprocal basis, training of a more generic nature particularly in respect of the new member induction programme to be held following next year's elections.

The report included a copy of the First draft induction programme to be held from May-July 2023 for new and re-elected councillors, which had been discussed with the Steering Group at its meeting on 3 October 2022. It was noted that the Corporate Management Board had asked that enforcement be included in the induction programme.

As part of the induction programme, it was also proposed to offer a more formal Executive Member Training Programme via the Leadership Academy scheme run by the Local Government Association, detailed details of which were included in the report.

The induction programme also included some sessions for parish councillors on ethical standards and data protection, and it was also proposed to enhance that training offer for parish councils with the inclusion of training for them on the planning process.

The Committee noted that the Councillors' Training and Development budget was currently £14,000 per annum. In view of the number of external trainers that were likely to be used for the proposed induction training programme for new councillors in 2023, as well as to account for the potential spend in providing training to Executive members, it was proposed to make provision in the 2023-24 draft budget for an increase in the Councillors' Training and Development budget, for that year only, to £22,000. This would represent a growth of £8,000 for the 2023-24 budget unless other budgets can be reduced to accommodate the increase. The budget for Councillor Training and Development would revert to £14,000 per annum in subsequent years.

The Committee

RESOLVED:

- (1) 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.
- (2) That the Executive be asked to agree to make provision in the draft budget for 2023-24 of £22,000 to cover the cost of new councillor induction including executive member training, with the budget reverting to £14,000 p.a. thereafter.

Reason:

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

Action:	Officer to action:
To make provision in the draft budget for 2023-24 of £22,000 to cover the cost of new councillor induction including executive member training, with the budget reverting to £14,000 p.a. thereafter	Democratic Services and Elections Manager

The meeting finished at 9.20 pm

Signed

Chairman

Date