

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	Iona Bond

Action:	Officer to action:
<p>showing “Stakeholder Satisfaction Survey Results” in the Performance Dashboard in 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. 	<p>Assistant Head of Southern Internal Audit Partnership</p>

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