

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

15 March 2023

- * Councillor Deborah Seabrook (Chairman)
- * Councillor Susan Parker (Vice-Chairman)

- * Councillor Ruth Brothwell
- Councillor Liz Hogger
- * Councillor Nigel Manning
- * Councillor George Potter
- * Councillor James Walsh

Independent Members:

- Maria Angel MBE
- * Murray Litvak

Parish Members:

- * Julia Osborn
- * Ian Symes
- * Tim Wolfenden

*Present

The Lead Councillor for Planning Development, Legal and Democratic Services Councillor Tom Hunt, and the Lead Councillor for Customer and Community Services, Councillor John Redpath were also in attendance.

CGS58 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Maria Angel MBE.

CGS59 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS60 MINUTES

The minutes of the meeting of the Committee held on 19 January 2022 were approved as a correct record.

The Chairman signed the minutes.

CGS61 DECISION AND 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 noted that the first item on the tracker had been outstanding for nine months due to a combination of staff sickness and staff turnover. The Committee felt that it should remain on the tracker.

Having noted the update set out on the Supplementary Information Sheet, the Committee

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

CGS62 COMPLAINTS HANDLING AUDIT REPORT ACTIONS UPDATE

The Committee considered an update report on progress being made against the management actions identified in the complaints handling audit report, which had been undertaken in August 2022.

The Committee noted that the nature of audits meant that the data that had been reviewed was retrospective and many of the issues identified and resulting actions in the audit report had already been identified by management prior to the audit and steps had begun to undertake improvements.

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

- Dismay at the number of complaints received
- Concerns over the move towards an E complaints system, and the difficulties residents experience in communicating complaints to the Council, particularly those without access to a computer. In response, the Executive Head of Communications and Customer Service, explained that there were other options for customers to log complaints with the Council, for example by telephone or letter. Customer Services can also provide assistance to residents in submitting a complaint.
- The Executive Head of Communications and Customer Service confirmed that complainants were not required to complete an official complaints form. Complaints could also be logged over the telephone. The information contained in the report on the number of complaints received represented the number of complaints logged on to the system.
- Query regarding the extent to which matters raised with the Planning Enforcement team were “complaints”, and what actions could be taken in the context of performance indicators which would measure the extent to which such matters were satisfactorily addressed. This would be referred to the Planning Enforcement Team for a response.
- There needed to be mechanisms in place that informed residents that, if they were not satisfied with a response to a particular service-related enquiry, they could follow the Council’s complaints procedure. In response, the Executive Head of Communications and Customer Service confirmed that staff would be reminded to provide this information.
- In response to a query as to the number of vexatious complaints received, the Executive Head of Communications and Customer Service confirmed that the Council had a vexatious, malicious and persistent complainants policy that would be put into place if required. These cases were not reported publicly.
- Request that progress be made to implement action 2.4 “*analyse complaints data periodically to draw out common complaint themes to be fed back to service areas. Where actions have been identified for improvement, they should be tracked to completion.*” In response, the Executive Head of Communications and Customer Service confirmed that it was very likely that there were common themes amongst some of the complaints received and gave assurance that the Council was learning from complaints and appropriate actions were being taken to make improvements as a consequence of receiving complaints. The audit action was quite specific around having a specific corporate mechanism by which this could be done. Officers were looking at upgrading the current system in order to assist with this.

The Committee

RESOLVED: That the update report be noted.

Reason:

To respond to the Committee’s request for an update report on the progress against the audit actions.

Action:	Officer to action:
To identify, in relation to matters raised with the Planning Enforcement team for investigation, what actions could be taken in the context of performance indicators which would measure the extent to which such matters were satisfactorily addressed.	Planning Enforcement Team Leader
To communicate to staff the need to ensure that residents were informed that, if they are not satisfied with a response to a particular service-related enquiry, they could follow the Council's complaints procedure.	Executive Head of Communications and Customer Service

CGS63 GENDER PAY GAP REPORT 2023

The Committee was informed that the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 imposed obligations on employers with 250 or more employees to publish information annually relating to the gender pay gap in their organisation. In particular, employers were required to publish, amongst other information, the difference between the average hourly rate of pay paid to male and female employees; and the relative proportions of male and female employees in each quartile pay band of the workforce.

The Committee therefore considered Guildford's Gender Pay Gap Report for 2023, which would be published on the Council's website and on a publicly accessible Government website and retained for a period of three years.

The figures in the Report, which were based on hourly rates of pay, showed that:

- the Council's female employees had an average hourly rate that was 7% higher than male employees' hourly rate; and
- at the mid-point within the range of hourly earnings that the Council paid its employees, female employees had an hourly rate that was 12% higher than male employees' hourly rate.

The main reason for this gender pay gap was an imbalance of male and female colleagues across the services as there was a much higher proportion of men working in the Waste Operations and Parks & Street scene Services. Many of the roles within those services fell within the lower pay bands.

The report was provided to the Committee for information purposes only. In reviewing governance processes, it was proposed that in future this report was not submitted to the Committee, but instead shared with its members through a link to the document on the Council's website each year.

During the debate the following points were raised:

- It was suggested that committee members be sent copies of future years' reports by email.
- The Committee had previously requested comparative data in future years' Gender Pay Gap Reports, of how Guildford had performed nationally in respect of the gender pay gap, which had not been provided in this year's Report.

The Committee

RESOLVED:

- (1) That the Gender Pay Gap Report for the year 2023, attached at Appendix 1 to the report submitted to the Committee, be noted.

- (2) That, in future, the Gender Pay Gap Report is no longer submitted to the Committee and instead is emailed to all committee members for information.

Reasons:

- (1) To provide the Committee with information on the Council's Gender Pay Gap.
 (2) To streamline the governance process for the report.

Action:	Officer to action:
<ul style="list-style-type: none"> To email future Gender Pay Gap Reports to all committee members and to no longer submit the Reports to the Committee. To ensure that comparative data is provided in future years' Gender Pay Gap Reports of how Guildford had performed nationally in respect of the gender pay gap 	Lead Specialist (Human Resources)

CGS64 INTERNAL AUDIT PROGRESS REPORT (APRIL 2022 TO MARCH 2023)

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 2022 to March 2023, which included a summary of the work that they had concluded since the previous report to Committee.

The report had reviewed the design and effectiveness of:

- (a) budgetary controls for which KPMG had provided 'partial assurance with improvements required' (amber/red rating) in that regard;
- (b) controls over the general ledger for which KPMG had provided 'significant assurance with minor improvement opportunities' (amber/green rating);
- (c) controls over receipt and expenditure of s.106 contributions for which KPMG had provided 'significant assurance with minor improvement opportunities' (amber/green rating); and
- (d) controls around the preparation and posting of journals for which KPMG had provided 'significant assurance with minor improvement opportunities' (amber/green rating);

An additional review of the payroll budget discrepancy against the expected control environment had also been undertaken and KPMG had provided 'partial assurance with improvements required' (amber/red rating).

As part of their 2022-23 internal audit plan, KPMG had also followed up actions in previously audited areas and had prioritised looking at the 2021-22 reviews which had received 'no assurance' or 'partial assurance with improvements required', alongside a sample of reviews which received 'significant assurance with minor improvement opportunities'.

Following completion of all the programmed activities in the internal audit plan for 2022-23, KPMG had also produced their Head of Internal Audit Opinion for 2022-23, for which significant assurance with minor improvement opportunities had been given on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

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

- Concern over the auditor's finding of a lack of clarity of the total number of employees across the Council, and the apparent lack of progress to resolve the issue.

- Concern as to how the audit of Financial Controls: Payroll in October 2022, which received significant assurance contrasted with the additional audit review of Payroll Budget Discrepancy which received only partial assurance. In response, Mr Crouch of KPMG confirmed that the two reviews were two separate pieces of work with very different scopes. The Executive Head of Finance confirmed that the payroll discrepancy was on the budget not on the payroll itself. The scope of the October 2022 audit on payroll had focused entirely on the accuracy of the payroll which was reported as being compliant. The payroll discrepancy referred to the way numbers were budgeted for. During the Future Guildford process, the piece of work undertaken to identify the savings and to reshape services took 2019-20 as the base budget, and working from that going forward, savings were identified and indicative budgets for services were established. At that point, there was a “broad-brush” approach to budgeting, rather than budgets being costed at individual member of staff level. In the meantime, the payroll itself increased in line with agreed pay increments, and cost of living pay awards. The payroll discrepancy was first identified in 2021-22. It was not clear why this had happened. There had not been a direct reconciliation between the number of people on the payroll and the number of people being costed into the budget. Measures to address the discrepancy were set out in the budget approved by the Council on 8 February 2023.
- The Executive Head of Finance had adjusted capacity in the finance team to address these issues and to ensure that these reconciliations were implemented. Accountants would be working alongside frontline managers to ensure that those numbers going into the ledger were accurate and that we fully understand where we were with expenditure, in compliance with the Constitution. A revised budget would be submitted to the Council in July 2023, which would include a very clear strategy to address the £18 million deficit in the Medium-Term Financial Strategy over the next four years.
- Mr Crouch of KPMG confirmed that references made in their reports were comments at a point in time, so following completion of this work, they were satisfied that, through conversations with the finance team, and the Joint Strategic Director, their findings were being addressed and taken forward with agreed timelines for implementation.
- It was suggested that this Committee should be updated as soon as possible on the progress being made with these actions.
- Concern that the target dates agreed to implement the management actions were too long.

Having thanked the auditors and the Executive Head of Finance, the Committee

RESOLVED: That the Internal Audit Progress Report (April 2022 to March 2023), 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.

CGS65 INTERNAL AUDIT CHARTER 2023-24

The Committee considered a report from the Council’s new Internal Auditors (Southern Internal Audit Partnership) on the proposed Internal Audit Charter, which was a formal document that defined the internal audit activity’s purpose, authority and responsibility consistent with the Definition of Internal Auditing, the Code of Ethics and the Public Sector Internal Audit Standards. Those Standards required the Charter to be reviewed and approved annually.

The Standards (attribute standard 1000) also required that all internal audit activities maintain an 'internal audit charter'. The internal audit charter established internal audit's position within the organisation including:

- Recognising the mandatory nature of the Public Sector Internal Audit Standards
- Defining the scope of internal audit responsibilities.
- Establishing the organisational independence of internal audit.
- Establishing accountability and reporting lines (functional and administrative).
- Arrangements that exist with regard to anti-fraud and anti-corruption.
- Establishing internal audit rights of access.
- Defining the terms 'board' and 'senior management' for the purpose of internal audit.

A draft copy of the Internal Audit Charter 2023-24 was appended to the report for review and comment.

The Committee

RESOLVED: That the Internal Audit Charter for 2023-24, attached as Appendix 1 to the report submitted to the Committee, be approved

Reason:

The Committee has a responsibility to approve the Internal Audit Charter in accordance with the Public Sector Internal Audit Standards.

CGS66 INTERNAL AUDIT ANNUAL PLAN 2023-24

The Committee considered a report on the proposed Internal Audit Plan for 2023-24 submitted by Southern Internal Audit Partnership, the aim of which was to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

The Internal Audit Plan provided the mechanism through which the Chief Internal Auditor could ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

It was noted that internal audit focus should remain proportionate and appropriately aligned to key areas of organisational risk.

All auditable areas of review remained within the audit 'universe' and were subject to ongoing assessment. The audit plan would remain fluid to ensure that internal audit was able to react to the changing needs of the Council.

Other reviews, based on criteria other than risk, could also be built into the work plan. These might include 'mandatory' audits or reviews requested or commissioned by management. Any commissioned review must be able to clearly demonstrate a contribution to the audit opinion on risk management, control and governance.

A copy of the draft Internal Audit Plan 2023-24 was appended to the report for review and comment by the Committee.

During the debate, the Committee made the following comments:

- Assurance was requested, and given, that the new internal auditors pick up the areas that KPMG had flagged us as having partial assurance with improvements required, and that there would be a handover process with KPMG.
- Assurance was requested, and given, that the Audit Plan would include financial controls on major projects.

The Committee

RESOLVED: That the Internal Audit Plan for 2023-24, attached as Appendix 1 to the report submitted to the Committee, be approved.

Reason:

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

CGS67 ANNUAL REPORT OF THE MONITORING OFFICER REGARDING MISCONDUCT ALLEGATIONS

The Committee received and noted the Monitoring Officer's annual report about decisions taken on standards allegations against borough and parish councillors for the 12-month period ending 31 December 2022.

Throughout this period, there had been a total of four complaints received - two relating to borough councillors, and two relating to parish councillors. There were also three complaints which had started in 2021.

The two complaints against borough councillors referred to above were rejected at stage 1 for not providing any substantiating information. Two of the three complaints from 2021 had proceeded to stage 6, Hearings Sub-Committee.

As at the end of December 2022, there were three ongoing complaints (two against parish councillors, and one against a borough councillor).

The origin of the complaints (whether from members of the public, officers, or elected members of the authority) was set out in Appendix 1 to the report. The time taken for consideration and determination of a complaint was also set out in Appendix 1.

By way of comparison and to put the statistical information on the number of complaints received into context, the Committee noted that the number of misconduct allegations received by the Monitoring Officer over the past three years was as follows:

Year	Total received	Borough Councillors	Parish Councillors
2022	4	2	2
2021	14	14	0
2020	17	9	8

The report had also set out details of the consideration by the Corporate Governance Task Group of a review of the extent to which outcomes of misconduct complaints against councillors should be published.

The Council's current Arrangements provide that the identity of all councillors against whom a misconduct complaint has been made remains anonymous, except for those whose complaint is referred to the Hearings Sub-Committee for determination. A copy of the current Arrangements is attached, for information, at **Appendix 2**.

Following a request last year by the then Chairman of this Committee, Councillor George Potter,

the Corporate Governance Task Group, at its meeting on 20 February 2023, considered a report on the extent to which outcomes of misconduct complaints against councillors should be published.

The Task Group noted the various stages of a misconduct complaint, as set out in the Arrangements, where there could be an “outcome”, which were as follows:

- The Monitoring Officer (MO) could discontinue a complaint or terminate an investigation in certain circumstances (see paras 5.1 and 5.2 of the Arrangements).
- The complaint may fail the initial jurisdiction test (Stage 1) – section 6 of the Arrangements.
- The complaint may, following initial assessment (Stage 2), be subject to an Informal Resolution (Stage 3) – sections 7 and 8 of the Arrangements.
- The complaint may, following formal investigation, be terminated because the Investigating Officer finds no breach of the Code (Stages 4 and 5) - sections 9 and 10 of the Arrangements.
- The Investigating Officer may, during formal investigation of the complaint, identify criminal conduct by the subject member (the councillor against whom the complaint was made) (see paras 19 and 20 of Appendix 2 to the Arrangements), in which case the MO would suspend the investigation pending the outcome of any separate Police investigation.
- Following formal investigation and referral to the Hearings Sub-Committee (Stage 6), the outcome of the complaint may be that there has been no breach of the code and no further action taken, or that there has been a breach and appropriate sanction(s) have been determined.

The Task Group noted that the Arrangements for dealing with misconduct complaints published by the other Surrey councils, generally followed Guildford’s approach regarding publishing outcomes – i.e. that no specific information about the identity of the Subject Member or the nature of the complaint against them are published, except at the formal standards hearing stage.

The Task Group had considered whether there was a case to publish the identity of a Subject Member and details of the complaint against them, at any stage in the process other than when it was referred to the Hearings Sub-Committee. The Task Group felt that any change to the Arrangements to provide for publication of details of Informal Resolutions might have the effect of deterring councillors from agreeing to them, and hence a greater number of complaints being referred for a formal investigation, which would be both time-consuming and costly. The Task Group therefore concluded that no changes should be made to the Arrangements to provide for public disclosure of outcomes of misconduct complaints against councillors, other than when they were referred to the Hearings Sub-Committee following formal investigation.

The Task Group was content with the existing arrangements for publication on the website of a decision notice setting out the findings at a Hearings Sub-Committee with full disclosure of the identity of the Subject Member, and the details of the complaint. It was noted, however, that decision notices were currently published with the Hearings Sub-Committee papers. It was suggested, for added transparency, that such decision notices, along with a link to the relevant committee papers should also be published on the specific webpages dealing with Councillor Conduct.

It was also suggested that the table in Appendix 1 to the report showing details of complaints received, and decisions taken in relation to Allegations of Misconduct against Borough Councillors and Parish Councillors under the Arrangements, for the previous calendar year should also be posted on the Councillor Conduct webpages referred to above, and updated at least twice yearly as appropriate by the Monitoring Officer showing decisions taken in respect of

those complaints, and new complaints received.

The task group also requested the Councillor conduct webpages to include links to the latest Monitoring Officer Annual Report to the Corporate Governance and Standards Committee.

The Task Group had also suggested minor amendments to add clarity to two paragraphs within Appendix 1 to the Arrangements (Communications Policy in relation to Member Complaints), details of which were set out in the report.

The Task Group had decided that, at its next meeting on 27 March 2023, it would like to review the wording of the Arrangements as a whole and make recommendations for any changes to this Committee and to full Council, noting that any such recommendations would be considered following the Borough Council elections in May. The suggested amendments to the Arrangements referred to above would be picked up in this review process.

The following points were raised by the Committee in the debate:

- Concern over the lengthy timescales built into the Arrangements which meant that complaints often took more than a year to deal with.
- General concern over the length of time taken for investigations into complaints to be completed.

Having considered the report, the Committee

RESOLVED:

- (1) That the cases referred to the Monitoring Officer under the Council's arrangements for dealing with allegations of misconduct by councillors for the period 1 January to 31 December 2022, be noted.
- (2) That the Monitoring Officer be asked to note and follow-up the following area of concern upon which further work would be carried out:
 - Concern over the lengthy timescales built into the Arrangements which meant that complaints often took more than a year to deal with.
- (3) That no changes be made to the public disclosure arrangements for dealing with allegations of misconduct by councillors and co-opted members i.e. only to disclose the outcome after referrals to the Hearings Sub-Committee following formal investigation.
- (4) That decision notices following determination of a complaint by the Hearings Sub-Committee be published on the Councillor Conduct webpages on the Council's website, together with a link to the relevant committee pages.
- (5) That the table in Appendix 1 to the report submitted to the Committee showing details of complaints received, and decisions taken in relation to Allegations of Misconduct against Borough Councillors and Parish Councillors under the Arrangements, for the previous calendar year be posted on the Councillor Conduct webpages and updated as appropriate by the Monitoring Officer at least twice per year to show decisions taken in respect of those complaints, and new complaints received.
- (6) That links to the latest Monitoring Officer Annual Report to the Corporate Governance and Standards Committee be included in the Councillor conduct webpages.

Reasons:

- To ensure members of the Committee and others to whom the report is circulated are updated as to complaints received and to enable them to consider learning points for the future.
- To seek to promote and maintain high standards of conduct amongst Members.

- To ensure as far as possible, the openness and transparency of the councillor complaints procedure
- To respond to recommendations of the Corporate Governance Task Group.

Action:	Officer to action:
To note and follow-up the following area of concern upon which the Committee would like further work to be carried out: <ul style="list-style-type: none"> • Concern over the lengthy timescales built into the Arrangements which meant that complaints often took more than a year to deal with. 	Monitoring Officer
To publish decision notices following determination of a complaint by the Hearings Sub-Committee on the Councillor Conduct webpages on the Council's website, together with a link to the relevant committee pages.	Democratic Services & Elections Manager
<ul style="list-style-type: none"> • To post on the Councillor Conduct webpages the table in Appendix 1 to the report submitted to the Committee showing details of complaints received, and decisions taken in relation to Allegations of Misconduct against Borough Councillors and Parish Councillors under the Arrangements, for the previous calendar year. • To update the table on a six-monthly basis, as appropriate at least twice per year to show decisions taken in respect of those complaints, and any new complaints received. 	Democratic Services & Elections Manager (done) Monitoring Officer
To include links to the latest Monitoring Officer Annual Report to the Corporate Governance and Standards Committee in the Councillor conduct webpages.	Democratic Services & Elections Manager (done)

CGS68 FINANCIAL MONITORING 2022-23

The Committee considered a report which summarised the projected outturn position for the Council's General Fund (GF) revenue account and Housing Revenue Account, based on the latest financial data to January 2023.

There was a projected net overspend on the General Fund revenue account of £3.2million resulting primarily from utility price inflation and the payroll budget correction. Due to the relatively short-term inflation pressures and an establishment budget adjustment, it was more appropriate to resolve the deficit through the use of revenue reserve rather than putting additional pressure on the already stressed service delivery capacity by cutting back on expenditure to save money.

The surplus on the Housing Revenue Account would enable a projected transfer of £7.1 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 Committee noted that the Council was expected to spend £39 million on its capital schemes by the end of the financial year.

During the debate, the Committee made the following comments:

- Concerns over the accuracy of some of the information in the table showing the Approved Capital Programme (e.g. Scheme ED27 – North Street Development)

- Request for clarification as to whether the Council would be entitled to funding announced by the Government in the Budget for supporting swimming pools.
- In response to a request for clarification as to the nature of the correction to the Town Centre Management budget in the table on Fees and charges budget variances, the Executive Head of Finance confirmed that this was merely a budget income correction.
- In relation to the variances to budget in Appendices 1A (salaries) and 1B (non- staff expenditure), clarification was sought as to why waste and refuse appeared as a considerable overspend in both areas, what was being done to address it, and whether it would impact adversely on the service. The Executive Head of Finance confirmed in respect of waste that this was how the services had operated up until now, but that changes were being put in place that would set budgets to correctly reflect the true cost of operating those services. No assurance could be given at this stage that there would be no adverse impact on the service. The Committee was reminded that £3.2m would need to be found in 2023-24 and that the Council in July would be asked to consider options as to how that deficit could be addressed. The Medium-Term Financial Plan had also identified the need to find a further £8m in the following financial year, and £6m in the financial year after that.

Having considered the report, the Committee

RESOLVED: That the Council’s financial forecast outturn for the financial year 2022-23 be noted, together with the comments and observations referred to above.

Reason:

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

CGS69 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 9.25 pm

Signed

Chairman

Date