

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

19 November 2019

- * Councillor Tim Anderson (Chairman)
- * Councillor Nigel Manning (Vice-Chairman)

- * Councillor Jan Harwood
- Councillor Liz Hogger
- * Councillor Ramsey Nagaty
- * Councillor John Redpath
- * Councillor James Walsh

Independent Members:

- *Mrs Maria Angel MBE
- *Mr Murray Litvak

Parish Members:

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

*Present

The Leader of the Council, Councillor Caroline Reeves and the Lead Councillor for Finance, Assets, Customer Service, Councillor Joss Bigmore, were also in attendance.

CGS30 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Liz Hogger and Ian Symes (parish member).

CGS31 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS32 MINUTES

The Committee confirmed as a correct record the minutes of the meeting held on 19 September 2019. The Chairman signed the minutes.

CGS33 FINANCIAL MONITORING 2019-20: PERIOD 6 (APRIL TO OCTOBER 2019)

The Committee considered a report that set out the financial monitoring position for six-month period April to September 2019.

The report summarised the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for this period. Officers were projecting an increase in net expenditure on the general fund revenue account of £568,637, which included a £171,280 reduction in the statutory Minimum Revenue Provision (MRP) charge to the General Fund to make provision for the repayment of past capital debt reflecting a re-profiling of capital schemes and a reduction in the anticipated income received from investments of £336,865.

Appendix 2 to the report showed detailed information for each service split between direct expenditure and income and indirect costs. Officers monitored the projected outturn against the revised (or latest) budget as this took into account any virement or supplementary estimates approved since the original budget was set in February 2019.

At service level, the projected outturn was £403,052 higher than the latest estimate once adjusted for items either funded from reserve or transferred to reserve.

The reported position at month 4 had forecasted an underspend at total service level of £513,802. It had since been discovered that this figure had included an underspend against central overheads which was in respect of a year-end accrual that had not been reversed. The restated position at month 4 was therefore an overspend of £461,677.

A surplus on the Housing Revenue Account would enable a projected transfer of £10.929 million to the new build reserve and the reserve for future capital at year-end. This had been £4,000 lower than budgeted and reflected modest variations in rental income and repair and maintenance expenditure.

Officers were making progress against a number of major capital projects on the approved programme as outlined in section 7 of the report. The Council was expected to spend £68.95 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 £43.82 million by 31 March 2020, against an estimated position of £53.35 million, which was due to slippage on both the approved and provisional capital programme, as detailed in the report.

The Council held £114 million of investments and £206 million of external borrowing as at 30 September 2019, which included £192.9 million of HRA loans. Officers confirmed that the Council had complied with its Prudential indicators in the period, which had been set in February 2019 as part of the Council's Capital Strategy.

Comments from the Committee included the following points:

- Whilst there was some concern over the number of void industrial properties, it was noted that many of these had been planned whilst redevelopment took place, for example at Midleton industrial Estate. In other cases, the Council had bought into investment properties on Slyfield that were going to be void for a period of time for refurbishment works in order to get them to a lettable state.
- In response to a question as to whether there had been an incorrect accrual in respect of the position at total service level compared to the position discussed at the previous meeting, which had forecasted an underspend at total service level; and whether any decisions had been taken based on a forecast underspend which now needed to be revisited. In response, the Director of Finance assured the Committee that there had not been an incorrect accrual. Whilst the accrual at year end had been correct, it had not been written out correctly in the current financial year. No decisions had been taken based on an erroneous forecast underspend at total service level.
- In relation to town centre management sponsorship, it was noted that whilst the amount of sponsorship achieved had been disappointing compared to the budgeted figure of £190,000, the Director of Finance informed the Committee that the officers had undertaken a review of opportunities for sponsorship and advertising income, the results of which had indicated the potential level of sponsorship income that could be achieved. The process of securing sponsorship had been slower than had been anticipated.
- In response to a question as to the point at which the Council decides that the loss in capital value of an investment can no longer be sustained, the Director of Finance advised that investments were analysed and reviewed on a quarterly basis and that this report, whilst showing the change in capital value of an investment, did not show, other than the percentage, was the actual income stream achieved, which could be positive overall. Investments would normally be given up to three years to establish whether performance was acceptable. It was suggested that future reports could include an additional column in the relevant table summarising the Council's investment activity showing income streams.

- In response to a query regarding the reason for the outturn general fund capital expenditure for 2019-20 being lower than both the revised and originally approved figures, the Director of Finance explained that the reason for the revised figure of £107m was due to slippage from the previous year which had been carried forward into the current financial year.
- There was further discussion around the extent to which slippage in the capital programme was due to issues around project management. The Director of Finance assured the Committee that the governance around project management had been reviewed as part of the Future Guildford transformation project and a Project Management Office would be responsible for these governance arrangements. The process of reporting, estimating and profiling had improved in recent years. There was also a degree of political uncertainty in respect of certain major capital projects, which had led to slippage.
- It was noted that many of the Council's income streams were down partly due to general economic conditions, for example the reduced car parking income was an indication of footfall being down in the town centre, which was manifesting itself in the number of vacant units in the town as well as feedback from some retailers via the Business Improvement District. The Director of Finance indicated that it might be necessary to reassess income projections going forward.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April to September 2019 be noted.

Reason:

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

CGS34 CONSIDERATION OF VARIOUS CORPORATE GOVERNANCE RELATED MATTERS

Arising from a number of concerns raised by councillors in relation to ethical standards and transparency, the Committee considered a report setting out a proposal to establish a cross-party task group with a wide remit to consider, review and make recommendations on these matters.

At its meeting on 28 March 2019, the Committee received the Monitoring Officer's Annual Report on allegations of misconduct against borough and parish councillors for 2018. Part of that report included reference to recommendations contained in a report published by the Committee on Standards in Public Life (CSPL) on *Local Government Ethical Standards*. Although some of the recommendations required primary legislation to implement the changes sought, the CSPL had also put forward a number of best practice recommendations for local authorities to consider which did not require changes in the law. The Committee noted that the Council already complied, or partially complied, with some of the best practice recommendations and authorised the Monitoring Officer to take the necessary steps to ensure compliance with them and submit reports as appropriate to this Committee in due course.

It was suggested that the task group proposed in the report could look at these best practice recommendations and report back to the Committee on whether the Council should adopt those with which it did not currently comply.

The Committee was also informed that, in early 2019, a task group established by this Committee had reviewed the Protocol on Councillor/Officer Relations but did not report back on its findings as it was felt that the new Council should have the opportunity of providing input into

that review. It was suggested that the task group proposed in the report should review the work undertaken by the previous task group.

It is also suggested that the proposed task group should undertake the work agreed by the Council at its meeting on 8 October 2019, following the adoption of a motion which, amongst other matters, requested the establishment of a task group to examine the effectiveness of internal communications and promote transparency.

Having considered the report, the Committee

RESOLVED:

- (1) That a task group be established to examine, review, and report back initially to this Committee on the following matters:
 - (a) the Councillors' Code of Conduct, including the policy on acceptance of gifts and hospitality by councillors;
 - (b) the best practice recommendations of the Committee on Standards in Public Life contained within its Report on *Local Government Ethical Standards*
 - (c) the Council's guidance on the use of social media by councillors;
 - (d) the revised draft Protocol on Councillor/Officer Relations
 - (e) the effectiveness of internal communications, between officers and councillors; and
 - (f) proposals to promote transparency, and effective communications and reporting, including the Council's Communications Protocol.

- (2) That the task group shall comprise the following persons:
 - Councillor Tim Anderson
 - Councillor Liz Hogger
 - Councillor Nigel Manning
 - Councillor Ramsey Nagaty
 - Councillor James Walsh
 - Murray Litvak (independent member)

and appropriate officers.

Reason:

To facilitate proper consideration of a number of important corporate governance related matters.

CGS35 WORK PROGRAMME

The Committee considered its updated 12 month rolling work programme and noted that the meeting scheduled for 18 May 2020 was an error and should have been scheduled for 18 June 2020. Taking into account the suggestion made in the previous item, the Committee

RESOLVED:

- (1) That the updated 12 month rolling work programme, as set out in Appendix 1 to the report submitted to the Committee, be approved, subject to the addition of periodic reports back to the Committee in 2020 from the task group appointed to consider and review various corporate governance related matters.

- (2) That the meeting scheduled for 18 May 2020 be put back to Thursday 18 June 2020.

Reason:

To allow the Committee to maintain and update its work programme.

The meeting finished at 7.43 pm

Signed

Chairman

Date