

Governance and Audit Committee

Tuesday, 13 November 2018

Attendees: Councillor Helen Chuah, Councillor Adam Fox, Councillor Theresa Higgins, Councillor Dennis Willetts
Substitutes: Councillor Lee Scordis (for Councillor Lorcan Whitehead)
Also Present: Also in attendance: Councillor King

133 30 October 2018

RESOLVED the minutes of the meeting held on the 30 October 2018 be deferred to the next meeting for approval.

134 Review of the Council's Ethical Governance Policies

Andrew Weavers, Monitoring Officer, introduced the review of the Council's Ethical Governance Policies report. The report requests that the Committee recommend to Full Council that it adopts the statement of intent in relation to ethical governance, and that the ethical policies are reviewed and recommended to Full Council for inclusion in the Council's Policy Framework.

Andrew Weavers stated that the policies were last reviewed at the October 2017 meeting of the Governance and Audit Committee. Andrew Weavers provided the Committee with a summary of the policies included in the report, highlighting those that had been reviewed and remain unchanged as well as those that had been reviewed and updated. Andrew Weavers stated that the Acceptable Use Policy had been strengthened due to the Data Protection Act 2018. In addition, the Income and Debt Management Policy had been amended due to legislative changes, which reduce the costs of summons by £2.50.

A member of the Committee stated that they felt that the policies were reviewed thoroughly at the meeting last year and that the updates mainly reflected where legislation had changed. The Committee member also welcomed the introduction of a table on the number of occasions where the policies had been used, even though they hadn't been used during the financial year.

A further question was asked regarding the Data Protection Policy and whether the information controllers list was a public document and whether reminders were sent out

to Councillors when renewals were required. Andrew Weavers confirmed that Colchester Borough Council hold a list of data controllers and that the same information would be available from the Information Commissioners Office. With regard to renewals Colchester Borough Council pays for Councillors to be registered as data controllers for the purposes of being a councillor and therefore this would be managed by Officers, however if Councillors register for political or other purposes, they would need to manage this themselves.

Councillor King, Portfolio Holder for Resources attended the meeting and highlighted the quality of the work in reviewing the policies and informed the Committee that he had held discussions with Andrew Weavers in this report prior to the meeting.

Another member of the Committee highlighted the training activities that took place including one for the General Data Protection Regulations and another for social media.

RESOLVED;

- a) To *RECOMMEND to FULL COUNCIL* the adoption of the statement of intent in relation to ethical governance.
- b) To *RECOMMEND to FULL COUNCIL* the following revised policies for inclusion in the Council's Policy Framework –
 - Anti-Fraud and Corruption
 - Whistleblowing
 - Anti-Money Laundering
 - Covert Surveillance
 - Information Security
 - Data Protection
 - Acceptable Use
 - Income and Debt Management

135 Annual review of the Members' Code of Conduct and the Council's Localism Act Arrangements

Andrew Weavers, Monitoring Officer, introduced the Annual Review of the Members' Code of Conduct and the Council's Localism Act report. The report requests that the Committee note the contents of the report, keep the Members' Code of Conduct and the Council's "Arrangements" under annual review and to agree to make recommendations to Full Council regarding any amendments in the light of experience.

Andrew Weavers provided the Committee with a summary of the report, which includes appendices outlining the number of complaints and the type of complaint that was

lodged. Andrew Weavers highlighted that training on the Code of Conduct takes place on a regular basis with sessions for both Borough Councils as well as Town and Parish Councillors. The Localism Act Arrangements and the Code of Conduct are publicly available on the website, and the Code of Conduct only applies in the capacity of Councillor.

One of the main reasons for a complaint against a Councillor was due to conduct over social media and as a result of this, a training course about social media was set up with 24 Councillors attending and positive feedback received. It is expected that following the training that there would be a reduction in the number of complaints due to social media and refresher courses will be scheduled in the near future.

Andrew Weavers stated that he believed that the Localism Act Arrangements and the Code of Conduct are operating satisfactorily and that it be kept under annual review. Andrew Weavers also highlighted that the Governance and Audit Committee participated in the Committee on Standards in Public Life review, which was received and acknowledged. Andrew Weavers highlighted that the response received from Colchester Borough Council was in line with other responses received and that any changes to the Code of Conduct would need to be approved by Parliament.

A member of the Committee highlighted the strange position of the Council having to process Parish Council issues, but not have the power to impose any discipline or conditions. It was suggested that Parish Councils be able to undertake their own investigations. In response Andrew Weavers stated that the Localism Act requires Colchester Borough Council by law to undertake the investigations and for the investigations to be at Colchester Borough Councils costs. Colchester Borough Council can only make recommendations back to the Parish Council, which then decides whether to acknowledge the recommendations made.

A member of the Committee suggested that the Committee of Standards in Public Life and Parliament could look more closely at this particular issue.

RESOLVED that:

- a) The contents of the Annual Review of the Members' Code of Conduct and the Council's Localism Act Arrangements report be noted.
- b) The Members' Code of Conduct and the Council's "Arrangements" be kept under Annual Review

136 Review of Local Code of Corporate Governance

Hayley McGrath, Corporate Governance Manager, introduced the Review of Local Code of Corporate Governance report. The report requests that the updated Local Code of

Corporate Governance for 2018/19 be reviewed and recommended to Full Council for inclusion in the Council's Policy Framework.

Hayley McGrath provided the Committee with a summary of the report and highlighted that there are no major changes to the document, however the Local Code has been updated to refer to the new Strategic Plan and the Council's commercial company structure.

A member of the Committee asked for further information on principle two of the code of conduct, which highlights that members and officers are working to a common purpose. Hayley McGrath confirmed that the second principle of the code of conduct relates to delivering the first principle of the code. Other Committee members highlighted the development of the Strategic Plan and policies.

RESOLVED;

- a) That the Local Code of Corporate Governance for 2018/19 be reviewed.
- b) To *RECOMMEND to FULL COUNCIL* that the Local Code of Corporate Governance be approved for inclusion in the Council's Policy Framework.

137 Review of Member / Officer Protocol

Andrew Weavers, Monitoring Officer, introduced the Review of the Member/Officer Protocol. The report requests that the Member/Officer Protocol be agreed and included in the Council's Constitution.

Andrew Weavers provided the Committee with a summary of the report and highlighted that the protocol provides information on the function and roles of members and officers and provides for good working relationships between members and officers. The protocol is reviewed annually for inclusion in the constitution, which the Governance and Audit Committee can do without referring to Full Council.

Andrew Weavers highlighted the version in the constitution was amended in 2017, to include a revised introduction and reference to the Council's companies. The Member/Officer protocol has been reviewed again this year and is deemed fit for purpose and therefore no further changes are proposed.

A member of the Committee highlighted that they felt that the changes required were brought in last year. A further comment was made by another Committee member that with regard to social media it is important to be mindful about common ground between officers and Councillors, especially where members of the public are criticising officers. The Committee member highlighted the importance of defending officers, but also reporting any issues to supervisors when necessary rather than posting further

information online.

RESOLVED that;

- a) The Member/Officer Protocol be agreed and included in the Council's Constitution

138 Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees

Hayley McGrath, Corporate Governance Manager, introduced the Gifts and Hospitality Review of Guidance for Councillors and Policy for Employees report. The report requests that the guidance for Councillors regarding gifts and hospitality be approved and included in the constitution and that the Gifts and Hospitality Policy for Employees also be approved.

Hayley McGrath stated that there are two documents included in the report, one for Councillors and the other for employees, which outline the requirements when receiving gifts and hospitality. Since the previous review last October there have been no changes to the national guidance and no changes are proposed to the two sets of guidance. Hayley McGrath confirmed that the guidance for Councillors forms part of the constitution.

Councillor King highlighted that this policy shows that the Council has suitable checks and balances in place for Councillors and employees. Another member of the Panel echoed the comments from the Portfolio Holder in that there are controls and procedures in place to ensure that decisions are taken correctly.

In response to a question regarding gifts given to the Mayor or Deputy Mayor, Hayley McGrath confirmed that it doesn't go into the Councillors register of interests, instead it is displayed in the Mayoral parlour and recorded in civic records.

RESOLVED that;

- a) the Guidance for Councillors regarding Gifts and Hospitality be approved and included in the constitution
- b) the Gifts and Hospitality Policy for Employees be approved.

139 Work Programme 2018-19

Jonathan Baker, Democratic Services Officer, introduced the Work Programme 2018-19 report. The report is asked to note the contents of the Committees work programme for 2018-19.

Jonathan Baker provided a summary of the upcoming meetings for the Governance and

Audit Committee and highlighted that following a request for an item on the Commercial Companies to be brought to a future meeting, that this was likely to be scheduled for March.

RESOLVED that the Work Programme 2018-19 be noted.

140 Treasury Management Strategy - Mid Year Review Report 2018/19

Sean Plummer, Finance Manager, and Margaret Donaldson, Interim Finance Manager attended the meeting to present the Treasury Management Strategy Report. The report requests that the Committee note the report and recommend to Cabinet that no changes are made to the Council's Treasury Management Strategy Statement for 2018/19 and associated practises as a result of the review. The report also informed the Committee that further review will be undertaken as part of the preparation of the 2019/20 Treasury Management Strategy Statement.

Sean Plummer provided the Committee with a summary of the Treasury Management Strategy report and highlighted that the midyear report is required as part of the Treasury Management Governance Arrangements. Sean Plummer stated that the report provides a brief update on the economic forecasts, which include a degree of uncertainty and assume that the UK will have an orderly withdrawal from the EU in March 2019.

Sean Plummer stated that the Council has continued to follow the strategy, maintaining an under borrowed position, and has not gone out to raise any new loans. With regard to the capital position and prudential indicators they were produced in January and have since been revised to show an increase in the capital programme. The reasons behind this increase are included in the report. A further review of the Capital Programme will go to the next Scrutiny Panel meeting.

With regard to financing the capital programme, the Council is not forecasting the level of capital receipts that was originally estimated and this shortfall is being met by capital grants. Sean Plummer highlighted that the overall net borrowing is higher than forecast, requiring temporary borrowing requirements. Sean Plummer also stated that the Council's limits to borrowing activity were proposed to remain unchanged.

Sean Plummer informed the Committee that the Council will consider borrowing in the next few months, with internal borrowing still the cheapest method. Link Asset Services will provide advice on the interest rates, as well as the investments and treasury activities of the Council.

A member of the Committee raised the issue of the UK leaving the EU and noted the difference between the risk identified on the risk register and the financial forecast for an orderly exit from the European Union. Sean Plummer provided clarification that the comment with the report relates to the interest rates forecast for the whole UK economy,

which may then have a knock-on impact on government funding and capital costs. The risk register looks at the broader levels of risks for the Council on its activities including areas like housing projects and other major capital projects on which leaving the EU could have an impact. Sean Plummer highlighted that it is difficult to forecast or model what will happen. Councillor King highlighted that it is not possible to know what the impact of leaving the European Union will be and given these uncertainties a higher risk is associated. It would not be feasible for officers within the Council to make a judgement on the potential impact of leaving the EU at this stage.

A further question was asked about the level of internal reserves and whether this finances part of the capital programme as internal borrowing rather than being spent on services. Sean Plummer stated that with regard to borrowing this is only undertaken when there is a specific need for it and that reserves are in place for a reason and are usually earmarked for certain purposes. In addition, some reserves are held for accounting reasons, including when holding grants that have been received. Officers haven't looked at a link between internal borrowing requirements and reserves, but due to the internal borrowing it does mean that the Council has cash resources that it can use to reduce its external borrowing need. This is a temporary measure as there is still a requirement to borrow in the long term.

RESOLVED;

- a) that the Treasury Management Strategy – Midyear review report 2018-19 be noted.
- b) To *RECOMMEND to CABINET* that no changes are made to the Council's Treasury Management Strategy Statement for 2018/19 and associated practices as a result of the review.