

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Thursday, 27th May, 2021 at the Princes Hall, Princes Way, Aldershot GU11 1NX at 7.00 pm.

Voting Members

Cllr Sue Carter (Chairman)
Cllr P.J. Cullum (Vice-Chairman)

Cllr Sophia Choudhary
Cllr A.K. Chowdhury
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr Jacqui Vosper
Cllr Jessica Auton
Cllr Jib Belbase
Cllr Sarah Spall

Apologies for absence were submitted on behalf of Cllr Prabesh KC.

1. MINUTES

The Minutes of the meeting held on 29th March 2021 were approved and signed by the Chairman.

2. RUSHMOOR DEVELOPMENT PARTNERSHIP - ANNUAL REPORT

The Committee considered the Chief Executive's Report No. CEX2101. The Chief Executive's report as Council Shareholder related to the progress review received from the Rushmoor Development Partnership (RDP) on its business plan. The Report provided information on the progress and delivery to date on the four regeneration sites which had been agreed as part of the initial RDP business plan. The Report also proposed some changes to the management and governance arrangements to support the Council's input and oversight of the RDP to respond to the current stage of the regeneration programme.

It was noted that the RDP's financial position was reviewed by the Council's Finance Service and the annual accounts would be included as confidential appendices to the Annual Report to be submitted to the Committee in October 2021.

The Committee noted that there had been significant progress since the approval of the initial business plan, particularly on Union Street, Aldershot where the RDP had secured planning consent during 2020 despite the pandemic. Work on the Civic Quarter Masterplan was progressing well and a public consultation exercise would commence in Summer 2021 prior to the submission of an outline planning application. Parsons Barracks Car Park had been sold to enable the development of

a care home with the proceeds being used to fund the work of the RDP to date, reducing pressure on the Council's financial position.

Overall the RDP had made a positive contribution to moving forward the Council's regeneration objectives over the previous two years and, as Shareholder, the Chief Executive was satisfied with progress achieved.

As the regeneration programme was now moving to the construction phase for some schemes, it was considered appropriate to review the partnership arrangements and approach to governance. An initial review had been undertaken by the Chief Executive as Shareholder and changes to management and governance were now proposed. The RDP Board currently consisted of the Leader, Property and Major Projects Portfolio Holder (Cllr M.J. Tennant) and Executive Director (Karen Edwards). It was proposed that this should now be transitioned to the Property and Major Projects Portfolio Holder, Chief Executive and Executive Director. This change would allow the Council to bring the Chief Executive's regeneration and development experience to bear on the projects and also allowed the Leader to play more of a strategic leadership role without any hinderance or conflict of interest that could arise. The Committee was advised that the Executive Head of Regeneration and Property (Paul Brooks) would be replaced by the Interim Head of Development (Keith Harley). Both of these proposed changes would be subject to confirmation by the RDP Board.

The Committee was advised that, once the new arrangements had come into force, it was further proposed that the Council's shareholder representative for all other purposes should be the Executive Director and Monitoring Officer (Ian Harrison).

The Report set out the current annual cycle of oversight and governance by the Committee, which was considered by the Chief Executive to be sufficient. However, the Council's officer project and programme management arrangements had been strengthened from 1 April 2021 to reflect the move towards the construction phase of the Union Street development and quarterly performance reporting to the Cabinet and Overview and Scrutiny Committee and six-monthly regeneration briefings would continue for all Members of the Council. The Chief Executive felt it was important that management and governance arrangements should be kept under review as the Council's regeneration projects proceeded.

RESOLVED: That

- (i) the Chief Executive's Report No. CEX2101 be noted; and
- (ii) the changes to the management and governance arrangements set out in section 3 of the Report be agreed in line with the Council's Constitution.

3. PAY POLICY STATEMENT FOR THE FINANCIAL YEAR 2021-2022

The Committee considered the Executive Director's Report No. ED2105, which sought approval for a Pay Policy Statement for 2020/21. The Pay Policy Statement set out the framework within which pay was determined at the Council and provided

an analysis comparing the remuneration of the Chief Executive with other employees of the authority.

The Committee noted that the comparisons looked at the ratio between the Chief Executive and the full-time equivalent salary for a permanent member of staff employed in the lowest grade within the structure. The ratio for 2020/21 was 6.7:1. The second ratio included within the analysis looked at the relationship between the median remuneration of all staff compared to the Chief Executive. It was noted that the ratio for 2020/21 was 3.6:1.

The Committee **RECOMMENDED TO THE COUNCIL** that approval be given to the Pay Policy Statement 2020/21, as set out in the Executive Director's Report No. ED2105.

4. **STATEMENT OF ACCOUNTS 2019/20 - UPDATE 3**

The Committee received the Executive Head of Finance's Report No. FIN2112 which informed Members of audit progress for the Council's Statement of Accounts for 2019/20 and the provision of the audit opinion since the previous meeting of the Committee on 29th March 2021.

It was noted that there had been considerable work from the Council and Ernst and Young (EY) to work through the outstanding audit issues. These were largely focused on the valuation of the Council's assets with a number of queries raised during the audit of a technical nature. Officers from the Council and EY had had weekly virtual meetings during April and May 2021 to assess progress and resolve the audit queries. The Committee was advised that the answers to the auditor's property queries had been submitted to EY the previous day. Once all the remaining audit queries had been resolved, the Council would need to provide EY with an updated impact on the Council's finances from Covid-19 and any Post Balance Sheet Event (PBSE) given the ongoing risk Covid-19 posed to the Council's financial standing. It was also noted that, to complete the accounts, the Statement of Accounts would need to include a detailed Disclosure Note that addressed Going Concern. It was anticipated that the audited Statement of Accounts and the Audit Results Report would not be ready to be considered by the Committee until the July 2021 meeting at the earliest.

The Report also advised the Committee on deadlines for the completion and publication of the 2020/21 and 2021/22 accounts, which had been amended as part of the Government's response to the recommendations in the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities. It was felt that the timetable would be challenging for the Council against the backdrop of continuing Covid-19 pressures. In addition, the delay in concluding the 2019/20 audit meant that the opening balance for 2020/21 would be fluid. Working on two audit years at the same time and having to revisit opening balances would increase the workload for the Council and potentially further delay the audit process for 2020/21.

During discussion, Members recognised that the additional time taken for the 2019/20 audit had not been due to errors, omissions or matters concerning the quality of the Council's final accounts.

RESOLVED: That the Executive Head of Finance's Report No. FIN2112 be noted.

5. **GRANTING DISPENSATION FROM PROVISIONS OF THE CODE OF CONDUCT FOR MEMBERS**

The Committee considered the Monitoring Officer's Report No. LEG2103, which sought the granting of dispensations from the declaration of interests, as set out in the Code of Conduct for Members, in relation to those Members who had been appointed by the Council to be in a position of management or control of the Rushmoor Development Partnership (RDP) and Rushmoor Homes Ltd (RHL). Such a dispensation would enable those Members affected to take part in decision-making on any matter relating to those bodies or affecting the financial position of those bodies.

The Report reminded Members that Section 29 of the Localism Act 2021 required the Monitoring Officer to establish and maintain a register of interests of Members of the authority. The Council's new Code of Conduct set out the requirement to declare both 'Disclosable Pecuniary Interests, which were prescribed by Regulations and 'Other Registrable Interests'. Where a matter for decision directly related to the interest in any business of the Council where it related to or was likely to affect:

- any body of which a Member was in general control or management and to which the Member was nominated or appointed by the Council;
- any body exercising functions of a public nature; any body directed to charitable purpose or one of whose principal purposes included the influence of public opinion or policy (including any political party or trade union)

the Member concerned could not take part in the decision making unless they had been granted a dispensation by the Corporate Governance, Audit and Standards Committee.

The Council had established a wholly owned housing company (Rushmoor Homes Limited) to deliver good quality market rent housing within the Borough. The Council was in partnership with Hill Investment Partnership Limited within the Rushmoor Development Partnership (RDP) to deliver major regeneration for the towns of Farnborough and Aldershot. The Council had appointed members of the Council, including the Executive, to positions of management or control of these bodies. As such, those Members would have a personal interest in any matters directly relating to these Council bodies and potentially an interest where the financial interests of those bodies were affected.

The Report stated that, for the proper conduct of Council business, it was not appropriate or proportionate for the Members appointed by the Council to the control and management of the RDP and RHL to be prevented from taking part in the decision making relating to those bodies. This was on the basis that these bodies

had been set up by the Council to deliver its objectives and deliver positive outcomes for residents of the Borough. It was felt that the aims of the bodies aligned to the aims of the Council. Furthermore, if the Members of the Executive had to be barred from taking part, the Executive would not be quorate. It was therefore recommended that the dispensations should be granted. In an amendment to the Report, it was also recommended that the Dispensations should apply for a period of four years.

RESOLVED: That

- (i) the Committee grant the dispensations for those Members who had been appointed by the Council to be in a position of management or control of the RDP and RHL to enable those Members affected to take part in decision-making on any matters directly relating to those bodies; and
- (ii) the dispensations be in place or apply for a period of four years.

6. **APPOINTMENTS 2021/22**

(1) **Outside Bodies –**

RESOLVED: That the appointment of representatives to outside bodies for the 2021/22 Municipal Year, as set out in the attached Appendix, be approved.

(2) **Appointments and Appeals Panels –**

RESOLVED: That the Head of Democracy and Community be authorised to make appointments to the Appointments and Appeals Panels in accordance with the membership criteria set out in the Officer Employment Procedure Rules in the Constitution.

(3) **Licensing Sub-Committee –**

RESOLVED: That the following Members be appointed to serve on the Licensing Sub-Committee for the 2021/22 Municipal Year (three Conservative representatives; two Labour representatives):

Conservative Group: Cllrs Sue Carter, Sophia Choudhary and Jacqui Vosper

Labour Group: Cllrs Christine Guinness and Sarah Spall.

(4) **Licensing Sub-Committee (Alcohol and Entertainments) –**

RESOLVED: That the Head of Democracy and Community be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee in accordance with the procedure agreed by the Committee at its meeting on 21st May 2009 and detailed in the Licensing Sub-Committee (Alcohol and Entertainments) Hearings Protocol and Procedure.

(5) **Constitution Working Group –**

RESOLVED: That the following Members be appointed to serve on the Constitution Working Group for the 2021/22 Municipal Year:

- two Cabinet Members (Cllr A.R. Newell plus one vacancy)
- the Chairman of the Corporate Governance, Audit and Standards Committee
- two representatives of Labour Group (Cllrs Christine Guinness and Sophie Porter).

The meeting closed at 8.20 pm.

CLLR SUE CARTER (CHAIRMAN)
