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Thursday, 11 November 2021

To: The Members of the **Audit and Standards Committee**
(Councillors: Cliff Betton (Chairman), Darryl Ratiram (Vice Chairman), Rodney Bates, Edward Hawkins, Charlotte Morley, Sashi Mylvaganam and Valerie White)

In accordance with the Substitute Protocol at Part 4 of the Constitution, Members who are unable to attend this meeting should give their apologies and arrange for one of the appointed substitutes, as listed below, to attend. Members should also inform their group leader of the arrangements made.

Substitutes: Councillors Richard Brooks, Paul Deach, Josephine Hawkins, Morgan Rise, Victoria Wheeler and Kristian Wrenn

Dear Councillor,

A meeting of the **Audit and Standards Committee** will be held at on **Monday, 22 November 2021 at 7.00 pm**. The agenda will be set out as below.

Please note that this meeting will be recorded.

Yours sincerely

Damian Roberts

Chief Executive

AGENDA

	Pages
1 Apologies for Absence	
2 Minutes of the Previous Meeting	3 - 6

To receive, and confirm as being a correct record, the minutes of the meeting of the Audit and Standards Committee held on 1st August 2021 and to note any matters arising.

3 Declarations of Interest

Members are invited to declare any disclosable pecuniary interests and non pecuniary interests they may have with respect to matters which are to be considered at this meeting. Members who consider they may have an interest are invited to consult the Monitoring Officer or the Democratic

Services Manager prior to the meeting.

4 Procurement of External Audit Function 7 - 14

To consider a report setting out proposals for the appointment of an external auditor to the Council for the five-year period from 2023/24.

5 Monitoring Officer's Annual Report 15 - 22

To receive the annual report of the Council's Monitoring Officer.

6 Date of Next Meeting

The next scheduled meeting of the Audit and Standards Committee will take place on Monday 25th April 2022 at 7pm.

Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 4 August 2021

- + Cllr Cliff Betton (Chairman)
- + Cllr Darryl Ratiram (Vice Chairman)

- + Cllr Rodney Bates
- Cllr Edward Hawkins
- Cllr Charlotte Morley

- + Cllr Sashi Mylvaganam
- + Cllr Valerie White

- + Present
- Apologies for absence presented

Non Committee Members in Attendance: Cllr Robin Perry and Cllr Victoria Wheeler

Officers Present: Michael Asare Bediako, BDO
Adrian Flynn, Chief Accountant & Interim Section 151 Officer
Alex Middleton, Senior Auditor
Gavin Ramtohal, Head of Legal
Damian Roberts, Chief Executive

1/AS Minutes of Previous Meeting

RESOLVED that the minutes of the meeting of the Audit and Standards Committee held on 26th April 2021 be approved as a correct record and signed by the Chairman.

2/AS Annual Governance Statement 2020/21

The Committee considered a report setting out the draft Annual Corporate Governance Statement for the 2020/21 financial year.

There was a statutory requirement for the Council to produce an Annual Corporate Governance statement that reviewed the effectiveness of the Council's control systems. The Statement formed part of the final accounts for each financial year and set out the governance arrangements in place at the Council, highlighted any key issues identified during the year and summarised progress made towards addressing any previously identified issues.

It was reported that the Council's Monitoring Officer and Section 151 Officer considered the Council's governance arrangements to be adequate and effective. Whilst no significant governance issues had been identified a number of minor issues that might impact on the Council's ability to operate effectively had been including the restructure of the Council's senior management team, the redevelopment of the London Road Block, the settlement of variable invoices arising from the joint waste contract and issues with the delivery of the Capital Programme, and these would be monitored through the planned work of the Council.

The Committee noted concerns about the over running of the recent public realm works and it was questioned whether monitoring the cost and scheduling of projects is something that should be added to the Statement as an issue to keep under review.

It was noted that changes to the requirements for borrowing from the Public Works Loan Board could impact on the Council's ability to borrow money and it was suggested that this should be added as an identified issue.

RESOLVED that, subject to the inclusion of the additional issues identified, the Annual Governance Statement be submitted to the Leader and Head of Paid Services for their signatures.

3/AS Effectiveness of the Internal Audit Function

The Committee considered a report setting out the findings of a review of the effectiveness of the Council's Internal Audit function. The Accounts and Audit Regulations 2006 required all local authorities to annually carry out a review of the effectiveness of its systems of internal control. The review measured the audit function against nine elements: organisational independence, a formal mandate, unrestricted access, sufficient funding, competent leadership, objective staff, competent staff, stakeholder support, and professional audit standards.

The Committee was informed that the size of the Internal Audit Team was considered proportionate to the size of the Council and the work programme had been designed to enable as many areas of the Council to be audited on a rotational basis as possible. It was confirmed that the Team was able to deliver the requirements placed on it at the current time. Team resourcing would continue to be monitored and if it became necessary to bring in additional resources to meet demand then this request would be considered by the Council's Corporate Management Team.

It was noted that there were areas of the Council which had their own assurance regimes in place on top of Internal Audit, including ISO and health and safety, and these should provide the 'combined level of assurance' that the Council needed.

The Committee noted the report.

4/AS Internal Audit Annual Report

The Committee received a report summarising the work of the Council's Internal Audit Function during the 2020/21 financial year.

The Covid-19 pandemic and its associated restrictions had impacted on the work of the Council's internal audit function during the course of 2020/21. Seventeen internal audits (compared to 23 in 2019/20) and a number of ad-hoc pieces of work including working with the Office for National Statistics to provide support for the 2021 Census, assisting with preparation for elections and co-ordinating the Council's response to the National Fraud Initiative had been completed. The Internal Audit Team had also been redeployed to provide support to the Council's Welfare Cell as well as providing welfare calls to shielding and vulnerable residents over a period of time.

Arising from the 17 internal audits, 86 recommendations had been made of which 16 had been classified as being essential and 70 as being desirable. An exercise was undertaken to follow up all overdue audit recommendations.

It was noted that the properties within the Jersey Property Unit Trust had now been transferred to the Council and these would be incorporated into the audit cycle going forward.

It was clarified that Council Officers could, where there was a business need, be issued with a corporate purchasing card, either a Natwest credit card or a Barclaycard. Barclaycard spend could be controlled using a categorisation system and managers were able to specify the categories that an officer could spend money against. There was also a monthly limit in place for each cardholder. Approximately forty-one officers had been issued with a corporate credit card, of which the majority had been issued with a Barclaycard. Between six and eight officers, predominantly Executive Heads of Service, had been provided with a Natwest credit card.

Before being given a corporate credit card all officers had to sign an agreement which set out the parameters within which the card could be used. The summary statement of an officer's spend had to be approved each month by their manager; the Chief Executive approved the summary statements of all Executive Heads and Heads of Service. The Internal Audit Team received copies of monthly statements and these were cross checked and spot checks carried out to ensure that all expenditure was valid and in line with corporate guidelines.

It was noted that the current Chief Executive had elected not to receive a corporate credit card, however it was suggested that the Section 151 Officer should be responsible for approving any future corporate credit card spend made by the Chief Executive, to ensure that no officer was approving his or her own credit card usage.

The Committee noted the report.

5/AS External Audit Update

The Committee received an update in respect of the work taking place to bring the external audit of the Council's accounts for the 2019/20 financial year to a conclusion.

The Committee was informed that a recent Public Service Auditing Authority webinar focusing on the auditing of public sector accounts had drawn attention to the fact that there were insufficient auditing firms qualified to audit public sector accounts which was causing delays. In addition, the public sector audit system was set up in such a way that auditors were given a set period in which they had to complete an audit. If the audit was not completed within this timeframe then, instead of completing the audit before moving to the next piece of work, the auditor automatically moved on to the next piece of work leaving the previous audit unfinished. It was stressed that this situation affected all public sector audits including police authorities, the NHS as well as local authorities.

It was confirmed that the audit of the Council's accounts for the 2019/20 financial year was progressing. All the papers requested by BDO, the external auditors, had been passed on and answers to the questions arising from these documents would be provided to BDO by the end of this week. Following the Committee's last meeting in April 2021, it had been necessary for a number of amendments to be made to the financial statement, work which was currently underway. Once the amended financial statements had been received by BDO these would be reviewed before they were signed off.

BDO confirmed that they had the resources available to review the financial statements as soon as they were received. If no further issues were identified then it was expected that the audit would be swiftly concluded and it was expected that the final audit report would be available for the Committee's consideration in September.

The Committee noted the update and expressed their frustration and disappointment at the fact that the audit still had not been completed two years after it had started.

6/AS Date of Next Meeting

It was noted that the next scheduled meeting of the Audit and Standards Committee would take place on Monday 20th September 2021 at 7pm.

Chairman

Procurement of External Audit for the Period 2023/24 - 2027/28

Summary

This report sets out proposals for appointing the external auditor to the Council for the five-year period from 2023/24.

Portfolio: Finance

Wards Affected: All

Recommendation

That the Audit and Standards Committee recommends to Council that it accepts the invitation from Public Sector Audit Appointments to opt-in to the sector-led process for the appointment of external auditors to principal local government and police bodies for the five financial years from 1 April 2023.

1. Key Issues

- 1.1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council previously opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.
- 1.2 PSAA is now undertaking a procurement exercise for the next appointing period, covering audits for 2023/24 to 2027/28 and has issued invitations to all relevant bodies to opt-in to this national scheme. If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at a meeting of the full Council and to return the completed opt-in documents by 11 March 2022.
- 1.3 This report sets out the options for procuring and appointing the Council's auditors for the next appointing period and concludes that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
 - collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
 - if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
 - it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local

procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and

- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

1.4 It is important to recognise that the scope of the audit is governed by the Code of Audit Practice and will not be affected by the choice of procurement and contract management route.

1.5 Additionally, while the terms of the contract through which an auditor is appointed by local arrangements will determine how the service is provided and the remuneration arrangements, the Ethical Standard issued by the FRC in December 2019 precludes contingent fees on audit engagements. This means that even under local contracting arrangements, the Council would be unable to include within the contract any clause that reduced the audit fee if the audit opinion was not delivered by the publishing date.

2. Options

2.1 Under the Local Government Audit & Accountability Act 2014 ("the Act"), the Council is required to appoint an auditor to audit its accounts for each financial year. The Council has three options;

- To appoint its own auditor, which requires it to follow the procedure set out in the Act.
- To act jointly with other authorities to procure an auditor following the procedures in the Act.
- To opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

2.2 These options are explored further in the body of the report.

3. The Appointed Auditor

3.1 The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and value for money assessment of the Council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

3.2 The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.

3.3 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) and employ authorised Key Audit Partners to oversee the work. As the

report below sets out there is a currently a shortage of registered firms and Key Audit Partners.

3.4 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.

3.5 Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

4. Appointment by the Council itself or jointly

4.1 The Council may elect to appoint its own external auditor under the Act, which would require the Council to;

- Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends.
- Manage the contract for its duration, overseen by the Auditor Panel

4.2 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly, or a majority of, independent appointees.

5. The national auditor appointment scheme

5.1 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

5.2 In summary, the national opt-in scheme provides the following:

- the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;

- managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the Council/Authority the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

6. Pressures in the current local audit market and delays in issuing opinions

- 6.1 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.
- 6.2 During 2018, a series of financial crises and failures in the private sector led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.
- 6.3 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.

6.4 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.

6.5 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

7. The invitation to opt-in

7.1 PSAA is now inviting the Council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor.

8. The next audit procurement

8.1 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:

- seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies; continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
- continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned

8.2 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

8.3 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office)¹, the format of the financial

¹ MHCLG's Spring statement proposes that overarching responsibility for Code will in due course transfer to the system leader, namely ARGA, the new regulator being established to replace the FRC.

statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

- 8.4 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

9. Assessment of options and officer recommendations

- 9.1 A set out in section 4 of the report, if the Council did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly, or a majority of independent members as defined by the Act. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.
- 9.2 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 9.3 These would be more resource-intensive processes to implement for the Council, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The Council is unable to influence the scope of the audit and the regulatory regime inhibits the Council's ability to affect quality.
- 9.4 The Council and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.
- 9.5 The national offer provides the appointment of an independent auditor with limited administrative cost to the Council. By joining the scheme, the Council would be acting

with other councils to optimise the opportunity to influence the market that a national procurement provides.

- 9.6 The recommended approach is therefore to opt-in to the national auditor appointment scheme.

10. The way forward

- 10.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the Council (meeting as a whole).
- 10.2 The Council then needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).
- 10.3 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

11. Risk Management

- 11.1 The principal risks are that the Council:
- fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
 - does not achieve value for money in the appointment process.
- 11.2 These risks are considered best mitigated by opting into the sector-led approach through PSAA.

12. Legal implications

- 12.1 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 12.2 Section 8 governs the procedure for appointment.
- 12.3 Section 12 makes provision for the failure to appoint a local auditor. The Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.
- 12.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been

exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

13. Financial implications

- 13.1 There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.
- 13.2 Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large-scale collective procurement arrangement.
- 13.3 If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

Annexes	None
Background Papers	None
Author/Contact Details	Amanda Fahey – Interim Director of Finance and Customer Service amanda.fahey@surreyheath.gov.uk

Annual Standards Report

Summary

To update the Audit and Standards Committee on any standards issues. The Monitoring Officer has an obligation to report to the Committee annually to provide details of complaints made against Councillors and standards issues

Portfolio: Non-Executive Function

Wards Affected: Not Applicable

Recommendation

The Audit and Standards Committee is advised to resolve to note the contents of this Annual report.

1. Key Issues

- 1.1 In accordance with the Localism Act 2011, the Council has adopted a Code of Conduct and has in place local arrangements for dealing with issues of conduct and requests for dispensations for both the Council and Parish Councils. The Register of Interests is also available for inspection on the Council's website.
- 1.2 Questions of predetermination and declarations of interest seem to arise most frequently. Members must reveal any disclosable pecuniary interests as well as any non-pecuniary interests at any meetings. Members must be mindful that when they disclose either interest, they must give sufficient detail for the public to understand the nature of the interest. Regarding predetermination, it is advisable to seek advice from the Monitoring Officer or Deputy Monitoring Officer prior to a relevant meeting.
- 1.3 The Monitoring officer is currently undertaking a holistic review of the Constitution. The proposed changes will be taken to Full Council on an incremental basis with the expectation that all changes will be approved before April next year. The process will involve consultation with Group Leaders. The aspects of the Constitution that are being reviewed are as follows.
 - Contract Standing Orders
 - Financial Regulations
 - Scheme of delegation
 - Procedural Rules
 - Terms of Reference of the Executive, Committees and other bodies
 - Planning Code of Practice
 - Code of Conduct
 - Procedures for dealing with a complaint against a councillor

At the time of writing, the Contract Standing Orders and Financial Regulations have been reviewed and discussed at the Governance Working Group. Proposed changes to the Planning Code of Practice, Code of Conduct, procedure for dealing with member complaints and terms of reference for Committees will be reported to a Governance Working Group scheduled for November.

- 1.4 In addition to the holistic review, minor changes to the Constitution have been made throughout the year; examples are changes to the delegations to the Head of Legal Services and Head of Planning.
- 1.5 The Monitoring Officer and Deputy Monitoring Officer have been actively assisting some Parish Councils with governance issues and advising on best practice. At present, the Monitoring Officer considers that Bisley Parish Council has significant governance issues which are set out in more detail in paragraph 1.8.
- 1.6 In July, a dispensation was granted to a member of Chobham Parish Council to withhold their address from their register of interests.

Monitoring Officer's reports and investigations

- 1.7 In May this year the Executive requested that the Monitoring Officer investigate the overspend regarding the public realm works. The investigation is limited to matters in connection with governance; namely whether officers have acted under approved delegations and that procedures regarding budget management and reporting have been followed. A task and finish group derived from the Finance and Performance Scrutiny Committee will consider a broader scope of review and it is intended that the Monitoring Officer's findings will be published together with the group's findings.
- 1.8 Since November last year, a reasonably high number of relatively minor issues have arisen both at Borough and Parish level. The Monitoring Officer considered that one complaint against a Parish Councillor warranted formal investigation. A copy of the investigators' report is provided in Annex A. The Independent Person was consulted as required under the process.
- 1.9 A minority of complaints did amount to minor breaches of the Code of Conduct and the Monitoring Officer was satisfied that these could be resolved by informal resolution. The Deputy Monitoring Officer has dealt with 8 Code of Conduct complaints and the Monitoring Officer has dealt with 17 such complaints. 7 complaints were against Surrey Heath Borough Councillors and 18 were against Parish Councillors. 6 Complaints were dismissed as trivial or frivolous. Compared to last year's report, the number of complaints is clearly higher, however it must be noted that last year's report covered the period April 2020 to November 2020. One ongoing complaint is a serious allegation which is likely to require significant resources; to ensure no prejudice to the process, no further details can be provided at this stage.
- 1.10 Bisley Parish Council has generated a high number of complaints and challenging issues; in August this year both the Chairman and Vice Chairman resigned and the Parish Clerk resigned in October. This creates particular challenges for the Parish Council in terms of conducting Council business and moving the Council forwards. Strictly, only the Chairman or Vice Chairman may call an extraordinary meeting of the Parish Council and the Clerk is responsible for issuing agendas and summons for Council meetings.

It is clear to the Monitoring Officer that the remaining Councillors are divided and relationships are difficult. In the circumstances, the Monitoring Officer has advised that the Parish Council seek leading Counsel's opinion on the legal basis the Council may be able to move forwards.

2. Supporting Information

- 2.1 All the key documents are set out in the Council's Constitution, including the Code of Conduct, the Member/Officer Protocol and the Planning Code of Practice for Councillors and Officers, together with the Monitoring Officer Protocol.
- 2.2 The Council's website has the Register of Interest available for inspection. A complaints form is also available for members of the public to use.

3. Resource Implications

- 3.1 There are no resource implications at the present time.

4. Corporate Objectives and Key Priorities

- 4.1 The Council has a statutory requirement placed on it to provide an annual report on the work of the Council's Monitoring Officer

5. Legal Issues

- 5.1 Any legal issues have been set out in the report.

6. Governance

- 6.1 Any governance issues have been set out in the report.

Annexes	Annex A – Summary Report of Parish Council
Background Papers	None
Author/Contact Details	Gavin Ramtohal, Head of Legal Services and Democratic Services gavin.ramtohal@surreyheath.gov.uk
Head of Service	Gavin Ramtohal, Head of Legal Services and Democratic Services gavin.ramtohal@surreyheath.gov.uk

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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