

MINUTES
OF A MEETING OF THE
BOROUGH COUNCIL OF WOKING

held on 20 November 2024

Present:

Cllr L Morales (Chair)
Cllr A Boote (Vice-Chair)

Cllr H Akberali	Cllr L Lyons
Cllr A Aslam	Cllr C Martin
Cllr A-M Barker	Cllr J Morley
Cllr T Bonsundy-O'Bryan	Cllr S Mukherjee
Cllr G Cosnahan	Cllr F Mumtaz
Cllr P Graves	Cllr E Nicholson
Cllr S Greentree	Cllr S Oades
Cllr S Howes	Cllr J Pearce
Cllr A Javaid	Cllr L Rice
Cllr I Johnson	Cllr D Roberts
Cllr D Jordan	Cllr T Spenser
Cllr M Kuipers	Cllr M Sullivan
Cllr R Leach	

Also Present: Claire Storey, Independent Co-Opted Member.

Absent: Councillors W Forster, P Pandher and M I Raja.

1. APOLOGIES FOR ABSENCE.

Apologies for absence had been received from Councillor Forster and Councillor Raja.

2. DECLARATIONS OF INTEREST.

In accordance with the Officer Employment Procedure Rules, the Strategic Director - Corporate Resources, Kevin Foster declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he was a Council-appointed director. The companies were listed in an attached schedule. The interests were such that Mr Foster could advise on those items.

3. MINUTES.

RESOLVED

That the minutes of the meeting of the Council held on 26 September 2024 be approved and signed as a true and correct record.

4. MAYOR'S COMMUNICATIONS.

The Mayor reported on the events and activities she had participated in since the previous meeting of Council. These had included the remembrance services in the Borough, the Diwali celebrations and a variety of festivals and meetings.

5. URGENT BUSINESS.

No items of Urgent Business were considered.

6. QUESTIONS FROM MEMBERS OF PUBLIC WBC24-049.

Four questions had been received from members of public. The questions, together with the replies from the Leader of the Council, were presented as follows:

Question 1 – Andy Caulfield

“In light of the long awaited and much anticipated Grant Thornton report into (some of) WBCs historical failings leading to an unprecedented debt, will the Council, Commissioners and new Government now further fully investigate behaviours of key individuals and transactions over the relevant years for (inter alia) legality, lawfulness, ultra vires, appropriate authority, proceeds of sales, financial impropriety and potentially Misfeasance in public office.”

Supporting information

“This report confirms residents long held worst fears, as flagged in our 2021 petition heard by the full Council in July 2021 - <https://www.getsurrey.co.uk/news/surrey-news/hundreds-demand-inquiry-former-woking>

On the back of Dr Gifty Edila and the O&S task group findings of serious failures on the Woking FC / GoDev. Project.”

Reply from Councillor Ann-Marie Barker

“Commissioners will consider the position of those named in the report and whether further action is necessary. This is reflected in the report to Council.”

Question 2 – Anthony Fraser

“A number of the senior officers singled out in the report were members of professional bodies.

Can the Council assure residents that, at the very least, it will refer these individuals to their respective professional bodies to investigate whether their actions (or inactions) breached any of the relevant professional standards?”

Reply from Councillor Ann-Marie Barker

“Commissioners will consider the position of those named in the report and whether further action is necessary. This is reflected in the report to Council. This will include whether any referrals should be made to relevant professional bodies.”

Question 3 – Anthony Fraser

“The Grant Thornton report highlights the actions of a small number of individuals, all of whom have now left the Council. Beyond that, it makes more general governance and procedural observations, many of which have already been brought out in the Government’s External Assurance Review in May 2023. Structures and procedures are all well and good, but it also requires officers and members to take personal ownership, ask questions and challenge where appropriate to make sure that governance works effectively in practice.

I would be interested therefore to hear what personal lessons members and officers have taken away from these events, particularly those who were with the Council during this period.”

Reply from Councillor Ann-Marie Barker

“The Grant Thornton report contains lessons for all of us at Woking Borough Council. Through the delivery of the Improvement and Recovery Plan, we are already putting in place changes to our governance structures and processes to enable the Council to take effective decisions in the future and avoid making the mistakes of the past. However, as Mr Fraser rightly points out, we cannot rely on structural changes alone. Robust governance is also reliant on the effective challenge and continued political curiosity of Members. The Grant Thornton report recommends improvements in the training and development of both Members and officers, to ensure that they have the knowledge and skills to discharge their roles responsibly.”

Question 4 – Anthony Fraser

“I submitted official objections to the Council’s draft statutory accounts for both 2019-20 and 2020-21. The later letter (in Sept 2021) highlighted amongst other things:

- The extreme size and disproportionality of our borrowing and its very heavy dependence on returns from commercial investments.
- The low level of MRP relative to borrowing and the absence of MRP for capital loans.
- The self-funding of loan repayments/interest due from subsidiaries via further borrowing by the Council and that this could be unlawful.
- The credit risk and interest rate risk the Council was running in the lending arrangements.
- The deviation from the statutory MRP guidance which was not prudent and the then S151 officer failing to ‘have regard to’ recent guidance on MRP.
- The potential impact on the General Fund and the Council’s ability to set a balanced budget in the future.
- The failure to publish consolidated group accounts and that the statutory accounts for several of Woking’s subsidiaries were significantly overdue.
- The inherent conflict in having councillor-directors for the subsidiaries.
- The rapidly deteriorating financial projections for the Victoria Square development.

- The plan by the Council to effectively borrow twice from the PWLB against the Red Car Park, potentially as a hidden way to inject working capital into Victoria Square Woking Ltd.

As well as the S151 officer and external auditor, this letter was sent to the heads of the political parties and the then CEO of the Council.

What action was taken on the back of my letter?”

Reply from Councillor Ann-Marie Barker

“The points that Mr Fraser has raised reinforces why the Council commissioned Grant Thornton to carry out the review which has culminated in the Public Interest Report.”

7. QUESTIONS FROM MEMBERS OF THE COUNCIL.

No questions had been received from Members of the Council.

8. ANNOUNCEMENTS BY THE LEADER OF THE COUNCIL, COMMITTEE CHAIRMEN AND THE CHIEF EXECUTIVE.

No announcements were made.

9. PUBLIC INTEREST REPORT FROM GRANT THORNTON WBC24-048.

The Leader of the Council introduced the Public Interest Report which had been published by Grant Thornton earlier in November. The report followed a year-long investigation into Woking Borough Council’s historic approach to investments and borrowing, and outlined a series of recommendations drawn up in light of the findings.

It was noted that Grant Thornton had been appointed to (i) provide a comprehensive overview of the events and decisions that had culminated in the unprecedented financial challenge facing the Council; and (ii) help the Authority ensure it addressed the fundamental weaknesses in its historic approach, so that action could be taken to rectify these to eliminate the risk of any repetition in the future. The period reviewed covered twenty years.

Under the provisions of the Local Audit and Accountability Act 2014, the Authority had a legal duty to hold an Extraordinary Meeting of Council to consider the Public Interest Report and determine its response. The Council and the Government appointed Commissioners would review the Authority’s Improvement and Recovery Plan to assess the degree to which it might need expanding to take into account the Report’s findings. Furthermore, the Commissioners would consider a number of specific issues and act upon them if necessary, including the position of those named in the report.

The Leader advised that the report before Council proposed that the recommendations drawn up by Grant Thornton should be accepted in full and that the Improvement and Recovery Plan should be reviewed in light of the report’s findings.

The Mayor stated that, in view of the importance of the Extraordinary Meeting, she intended to move the suspension of the provision within Standing Orders that limited the

number of times each individual Councillor could speak. Members were encouraged to be succinct in their questions and avoid repeating points made earlier in the discussion.

Accordingly the Mayor moved and the Deputy Mayor seconded the suspension of Standing Order 18.8 which limited the Councillors to speaking once on the matter before them.

The motion was agreed unanimously and it was

RESOLVED

That Standing Order 18.8 be suspended to allow Elected Members to speak more than once in respect of the Public Interest Report.

Before moving to the debate, the Mayor welcomed to the meeting Joanne Brown, Guy Clifton and Paul Dossett from Grant Thornton and invited them to introduce the Public Interest Report.

The Council was advised that the review had identified fundamental weaknesses and failure to evidence best value. The Council had not put in place a clear corporate plan and had followed a non-strategic approach.

The Council had pursued a long history of borrowing to fund capital projects alongside investments in loans to Council companies and a number of third parties. Borrowing and investment activities had expanded over the years on the premise that the Council would be able to afford to pay back the loans over a longer period of time, typically up to and over 50 years. The level of borrowing increased from £400m in 2017 to a cumulative borrowing position of £1.8b in 2022.

The scale and complexity of the investments had given rise to conflicts of interest which had not been recognised and managed, and the Council's Leadership Team and Members had not had the required skills to manage such large scale investments.

The importance of implementing the improvement and recovery programme and focusing on securing long-term financial sustainability of the Council was highlighted. Towards this end, the recommendations in the Public Interest Report included ensuring effective governance systems were put in place across the Council, with all future decisions to be subject to scrutiny and challenge.

Following the statement by the representative from Grant Thornton, the Mayor invited Elected Members to debate the paper and raise any questions they had with the representatives.

The Councillors raised a wide range of points and questions arising from the report. Amongst the concerns were the lack of oversight by the Public Works Loan Board and the absence of warnings by the Council's Auditors. A number of Councillors felt criminal proceedings should be undertaken and noted that Grant Thornton had not indicated whether any actions had been unlawful. The Council was advised that only a Court of Law could determine whether something was deemed unlawful. Areas highlighted in the report, which may or may not have involved unlawful activities, included the prudential code on borrowing, the possibility that some capital funds had been used for revenue costs and the point that loans had been given to arms-length companies in order to earn an income.

In response to a question, Grant Thornton confirmed that no-one who had been invited to interview by Grant Thornton had sought to avoid such contact or threaten the Audit

Company with legal action. All the information provided had been reviewed by Grant Thornton and over 50 stakeholders had been interviewed; the final report included examples taken from the interviews held. Overall the study was not a forensic audit and had primarily sought to review the Council's governance arrangements. Grant Thornton had had to determine the appropriate scope of the review given the complexity and period of time covered. The Council could, if considered appropriate, choose to commission further investigations, although the benefits of doing so needed to be weighed against the costs involved.

There had been a failure in leadership and Officers had been asked to manage projects for which they did not have the appropriate knowledge or experience. The essential understanding of corporate governance had been absent, as had a comprehensive strategy for the Borough. Work in recent years had sought to address the shortcomings in governance, and the Council now had a comprehensive Working Strategy. All property transactions were measured against industry standards and all costs were carefully planned.

The impact of the Public Interest Report on the ongoing Improvement and Recovery Plan of the Council was raised and the Chief Executive drew attention to the recommendation within the report which proposed that the Plan should be reviewed and updated in light of the Public Interest Report. The review would include the relationship with audit.

Grant Thornton noted that, whilst there was a degree of oversight by the Government, there was an ongoing debate around how such governance could be strengthened.

Councillor Rice considered that the Authority owed an apology to residents in view of the findings of the review. Councillor Rice therefore moved and Councillor Boote seconded the addition of a fifth recommendation to this effect, namely:

“(v) the Council places on record its apology to local residents for its failings in the past.”

The Councillors welcomed the proposal and the amendment was agreed nem con, to form part of the substantive recommendations before the Council.

The discussion continued and, in response to a question raised, the Chief Executive advised that responsibility for actions in the past lay with the Council, and it was difficult to see how compensation could be sought from third parties such as advisors. The Council had to focus on the future and the delivery of the Improvement and Recovery Plan. The Government appointed Commissioners would explore whether there were any further actions which would be appropriate to pursue.

Councillor Johnson, Portfolio Holder for Housing, provided the Council with an overview of the impact of the Council's activities on the delivery of housing for residents, including the impact on the Housing Revenue Account (HRA), the loss of rent and the loss of the investment partner status with Homes England, which had meant the Council was no longer able to bid for funding to the Government. Improvements were being brought forward, though it was acknowledged that the speed of change was not as fast as would be hoped for by residents, Elected Members and Officers.

Several inaccuracies within the Public Interest Report had been identified and Grant Thornton advised that there was still an opportunity for corrections to be made.

The lead Member for training and development, Councillor Leach, highlighted the elements of the report which dealt with training and proposed that the Council should ask whether

the Local Government Association could support its ambitions, providing a programme of development for Councillors, ideally on an individual basis – the Council could not expect to successfully implement a ‘one size fits all’ approach.

At the conclusion of the debate, the Leader of the Council responded to the many points raised, thanking the Councillors for their contributions to the discussion. It was essential that the Council moved forward and accepted all of the recommendations drawn up by Grant Thornton. The Mayor therefore referred the Council to the recommendations before them, including the additional recommendation proposed by Councillor Rice.

RESOLVED

- That (i) the recommendations set out in the Grant Thornton Public Interest Report be accepted in full;
- (ii) the Council’s Improvement and Recovery Plan be reviewed and updated as necessary to take account of the Public Interest Report’s findings and recommendations;
- (iii) the Council notes that Commissioners will consider taking forward further enquiries arising from the report;
- (iv) the Council notes that the Chief Executive has contacted Surrey Police already to make clear that, should any evidence emerge of criminality or misfeasance in public office, this will be referred to them for investigation; and
- (v) the Council places on record its apology to local residents for its failings in the past.

10. NOTICES OF MOTION.

No notices of motion had been received from Elected Members.

The meeting commenced at 7.00 pm
and ended at 9.19 pm

Chairman: _____

Date: _____