

# Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,  
Colchester, CO1 1PJ  
Tuesday, 25 June 2019 at 18:00**

**The Governance and Audit Committee** considers and approves the Council's Statement of Accounts and reviews the Council's annual audit letter. The Committee also deals with the Council's governance, risk management and audit arrangements. To make recommendations to the Council on functions such as Elections and bye laws, and determine Community Governance Reviews.

# Information for Members of the Public

## Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda (the list of items to be discussed at a meeting), which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available here:

<https://colchester.cmis.uk.com/colchester/MeetingCalendar.aspx>.

Most meetings take place in public. This only changes when certain issues, for instance, commercially sensitive information or details concerning an individual are considered. At this point you will be told whether there are any issues to be discussed in private, if so, you will be asked to leave the meeting.

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## **Governance and Audit Committee - Terms of Reference (but not limited to)**

### **Accounts and Audit**

To consider and approve the Council's Statement of Accounts and the Council's financial accounts, and review the Council's external auditor's annual audit letter.

### **Governance**

To consider the findings of the annual review of governance including the effectiveness of the system of internal audit and approve the signing of the Annual Governance Statement.

To have an overview of the Council's control arrangements including risk management and in particular with regard to the annual audit plan and work programme, and to approve the policies contained in the Council's Ethical Governance Framework.

### **Other regulatory matters**

To make recommendations to Council on functions such as elections, the name and status of areas and individuals, and byelaws.

To determine and approve Community Governance Reviews.

### **Standards in relation to Member Conduct**

To consider reports from the Monitoring Officer on the effectiveness of the Members' Code of Conduct, and to advise the Council on the adoption or revision of the Code.

To receive referrals from the Monitoring Officer into allegations of misconduct and to create a Hearings Sub-Committee to hear and determine complaints about Members and Co-opted Members referred to it by the Monitoring Officer.

To conduct hearings on behalf of the Parish and Town Councils and to make recommendation to Parish and Town Councils on improving standards or actions following a finding of a failure by a Parish or Town Councillor.

To inform Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints.

To grant dispensations, and to hear and determine appeals against refusal to grant dispensations by the Monitoring Officer.

To make recommendations to Council regarding the appointment of Independent Persons.

### **General**

To review of the Constitution including governance issues around formal meetings, processes and member training and to make recommendations to Council.

**COLCHESTER BOROUGH COUNCIL**  
**Governance and Audit Committee**  
**Tuesday, 25 June 2019 at 18:00**

**The Governance and Audit Committee Members are:**

Councillor Chris Pearson  
Councillor Sam McCarthy  
Councillor Nick Barlow  
Councillor Paul Dundas  
Councillor Mark Goacher  
Councillor Dennis Willetts  
Councillor Barbara Wood

Chairman  
Deputy Chairman

**The Governance and Audit Committee Substitute Members are:**

All members of the Council who are not Cabinet members or members of this Panel.

**AGENDA**  
**THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING**  
**(Part A - open to the public)**

**Please note that Agenda items 1 to 6 are normally dealt with briefly.**

**1 Welcome and Announcements**

The Chairman will welcome members of the public and Councillors and remind everyone to use microphones at all times when they are speaking. The Chairman will also explain action in the event of an emergency, mobile phones switched to silent, audio-recording of the meeting. Councillors who are members of the committee will introduce themselves.

**2 Substitutions**

Councillors will be asked to say if they are attending on behalf of a Committee member who is absent.

**3 Urgent Items**

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

**4 Declarations of Interest**

Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or

participating in any vote upon the item, or any other pecuniary interest or non-pecuniary interest.

**5 Minutes of Previous Meeting**

The Councillors will be invited to confirm that the minutes are a correct record of the meeting held on 7 March 2019.

**Governance and Audit Minute 07-03-19**

7 - 14

**6 Have Your Say!**

The Chairman will invite members of the public to indicate if they wish to speak or present a petition on any item included on the agenda or any other matter relating to the terms of reference of the meeting. Please indicate your wish to speak at this point if your name has not been noted by Council staff.

**7 Draft Annual Statement of Accounts 2018/19**

15 - 18

The Committee have been asked to consider and note the report relating to the pre-audit Statement of Accounts for 2018/19.

**8 Colchester Commercial Holdings Ltd Annual Report 2018/19**

19 - 42

The Committee have been invited to review the performance of CCHL (and its subsidiaries) during 2018/19, having a regard to the performance information for the year provided in Appendix A.

The Committee have also invited to make any recommendations to the Portfolio Holder for Commercial Services on CCHL performance management arrangements for 2019/20 or beyond.

**9 Polling District and Polling Place Review**

43 - 54

The Committee have been asked to consider and take note of the report relating to the pre-audit Statement of Accounts for 2018/19.

**10 Internal Audit Year-End Assurance Report 2018/19**

55 - 62

The Committee have been asked to review and comment on:

- Internal audit activity for the period 1 October 2018 – 31 March 2019.
- Performance of internal audit by reference to national best practice benchmarks

**11 Committee on Standards in Public Life Findings on Review of Local Government Ethical Standards**

63 - 64

The report is to inform the Committee of the findings contained within the report by the Committee on Standards in Public Life following its review of local government ethical standards.

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|----|--|---------|
| 12 | <b>Review of the Governance Framework and Draft Annual Governance Statement</b>  | 65 - 80 |
|    | <p>The Committee have been asked to consider and note the review of the Council's compliance with the seven principles of good governance (CIPFA International Framework: Good Governance in the Public Sector 2014) including the review of effectiveness of the internal control arrangements.</p> <p>The Committee have also been asked to approve the Annual Governance Statement for 2018/19.</p> |         |
| 13 | <b>Governance and Audit Work Programme 2019 - 2020</b>   | 81 - 84 |
|    | <p>The Committee have been asked to note the contents Committee's Work Programme for 2019-20.</p>  |         |

**Part B**  
**(not open to the public including the press)**

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|----|---|
| 14 | <b>Exclusion of the Public (not Scrutiny or Executive)</b>  |
|    | <p>In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).</p> |

## **GOVERNANCE AND AUDIT COMMITTEE**

### **7 March 2019**

*Present:-* Councillor Fox (Chair), Councillor Chuah, Councillor Higgins, Councillor F Maclean and Councillor Whitehead

*Substitutes:-* Councillor J Maclean for Councillor Willetts

*Also Present:-* Councillor King

#### **141. Minutes**

*RESOLVED* the minutes of the meeting held on the 30 October 2018 and 13 November 2018 be approved as a correct record.

#### **142. Have Your Say!**

Alan Short addressed the Committee with regards to the relationship between the Council as shareholder and the private companies set up under Council ownership. He was particularly concerned about potential conflicts of interest between the role of Councillors as directors of the companies and their role as Councillors, and how the Council as shareholder could exercise control over the directors, when such conflicts occurred. For instance, as the directors of the companies were senior officers of the Council it would very difficult for the shareholder to sack them.

In response Adrian Pritchard, Manager Director of Colchester Commercial Holdings Ltd, informed him that there was only one shareholder for the companies' and this was Colchester Borough Council. Adrian explained that the companies were trying to generate money which will then go back in to the Council. It would then be to the Council to decide where they would like to spend the money within the Borough. The companies also had a public sector ethos. Adrian also informed Alan Short that the Governance and Audit Committee is the stakeholder committee and if the Committee had concerns with the companies they have every right to give very clear actions on what they should or should not do be doing.

Adrian Pritchard offered to meet Alan Short, in private meeting, to explain the Companies structure and workings.

#### **143. Certification of Claims and Returns External Audit Annual Report 2017-18**

Margaret Donaldson, Interim Finance Manager, introduced the report. The report requests that the Committee note and comment on the contents of the 2017/18 Certification of Claims and Returns annual report from the external auditor.

Margaret Donaldson informed the Committee that the Housing Benefit Subsidy claim totals were approximately £53 million and the Housing Pooling return, which includes capital receipts, was approximately £4.3 million. Jason Granger, Customer Solutions Manager, gave further information with regards to a Housing Benefit Claim. Jason informed the Committee that the testing involved a sample of 60 cases out of a population of approximately 10,000; with total errors of £1,874 being identified. This was extrapolated over most of the caseload population to establish an adjustment of £280k. Because of errors identified in testing and associated extrapolation; Ernst Young issued a qualification to the claim. This then subsequently made the Council make representation to the Department of Work and Pensions (DWP). These representations focused on the numbers of cases tested, the rate of error found, and the subsequent extrapolation calculated. The Council considered a more reflective sample of cases could be identified without the need for extrapolation across the headline subsidy cell. The DWP have proposed that additional testing is undertaken, as detailed in the report. This will require the auditors to conduct further testing under Module X; the estimated audit fees being £4k. This work will start on the 8 April and will need to be undertaken and agreed by 6 May 2019 and upon completion a final decision will be reached by the DWP in respect of the 2017/18 subsidy claim. They will be looking at 337 cases in Childcare costs and 84 in Annual income.

Councillor King thanked Ernst and Youngs for their help and hard work on this report.

In response to questions from the Committee Jason Granger informed them that if overpayments had been made due to a Borough Council error, the Council would not seek recovery.

*RESOLVED* that the contents of the 2017/18 certification claims and returns annual report and qualification letter, issued by the Council's external auditors Ernst & Young be noted and commented on and the Department for Work and Pensions (DWP) letter of 13 February 2019 be noted.

#### **144. Audit Plan year ended 31 March 2019**

Margaret Donaldson, Interim Finance Manager, Councillor David King and Zoe Thompson, Director BDO LLP Auditors, attended the meeting to introduce the report. The report requests that the Committee reviews the contents of the Audit Plan for the year ending 31 March 2019.

Zoe Thompson addressed the Committee and highlighted a few points within the plan. Zoe explained that as new auditors they have put the materiality levels to 1.75% of gross expenditure, which is lower than it usually is. The main points that have been classed as significant risk are management override of controls, revenue recognition, substantive property, plant and equipment and investment property valuation, pension liability valuation and sustainable resource deployment.

In response to questions from the Committee Zoe Thompson informed them that the driver for BDO Auditors is to risk rate each component and if they class it as a 'significant' risk they will do enhanced work and testing. With regards to the Commercial companies; an



assessment is just being finalised to evaluate whether they would not be as a 'significant' component within the financial statement at this current time.

*RESOLVED* that the contents of the Audit Plan for year ending 31 March 2019 be reviewed and agreed

#### **145. Capital Expenditure Monitor 2018/19 – April to December 2018**

Margaret Donaldson, Interim Finance Manager, introduced the Capital Expenditure Monitor 2018/19. The report requests that the Committee review the level of capital; spending during the first nine months of 2018/19, and forecasts for future years.

Margaret Donaldson informed the Committee that the report provides details of capital expenditure for the first nine months, which had totalled £13.937m or 45.1% of the projected capital programme spend for 2018/19. This compares to 52% for the same period in 2017/18.

Margaret Donaldson went through the reports with the Committee and also highlighted that the budget report had been approved by the Council on the 21 February 2018.

In response to questions, Fiona Duhamel informed the Committee that Phase 2 of the Sheepen Road building was reported as overbudget in quarter 2 due to the fees of the project being not being correctly reported in a previous report. This was an administrative error rather than a budgeting error.

*RESOLVED* that the level of capital spending during the first nine months of 2018/19 and forecast for future years has been reviewed

#### **146. Financial Monitoring Report – April to December 2018**

Darren Brown, Finance Manager, and Councillor David King, Portfolio Holder for Resources, introduced the Financial Monitoring Report for April to December 2018. The report requests that the consider the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first nine months of 2018/19, and to note that whilst there is a forecast budget overspend of £267k on the General Fund there remain a number of end of year items which are expected to result in the outturn being delivered on budget. The quarterly position was reported to Scrutiny in November.

Darren Brown informed the Committee that the current net position showed a variance against profiled budget for General Fund Services (excluding Benefits, NEPP & JMC) of £19k (favourable). This comprises total expenditure being £84k lower than expected and total income being £65k lower than expected. With regards to the overspend of £267k. Darren highlighted a number of the key factors which contributed to this position, with the main ones being less income due to economic factors, such as .recycling and Fleet, less income caused by external delays, for example Northern Gateway, More expenditure due to demand for example. Recycling and Fleet, and one-off costs associated with futures reviews and Increased income from the recovery of housing benefit overpayments.

Darren Brown confirmed that where income was below targets in the current year, budgets

have been reviewed for next year to reflect this. An end of year report will be brought to the Scrutiny Panel in June, which will provide an updated figure following final adjustments and expenditure and income checks.

With regard to the Housing Revenue Account, Darren Brown stated that this is showing a net underspend of £764,000. The HRA is currently forecast to be on budget, as any underspend occurring will be used to fund a greater proportion of the housing capital programme.

The Committee questioned whether the lifestyle membership had dipped due to the issues with regards to traffic and the roadworks at Ipswich Road and the possibility of making representations with Essex Highways. Also, the Committee questioned whether the lack of bus service to Leisure World had an impact on Leisure World.

Adrian Pritchard informed the Committee that work was being done to try and ensure that people would stay as members and visit Leisure World.

*RESOLVED* that;

(a) the financial performance of General Fund Services and the Housing Revenue Account for the first nine months for 2018/19 be considered.

a. (b) the forecast overspend of £267k on the General Fund be noted.

#### **147. Brexit – governance and business continuity**

Dan Gascoyne, Assistant Director of Corporate Policy, introduced the report which gives an update on the Council's governance and business continuity arrangements for Brexit.

Dan Gascoyne highlighted that the UK's withdrawal from the European Union creates a number of uncertainties not only for the Council but communities and businesses alike and gave a list of issues that are being considered by the Council which included community cohesion, community impact, communications, planning ahead and service delivery.

In responses to questions from the Committee Dan Gascoyne informed the Committee there has been no expenditure with regards to the £35,000 that had been allocated to the Council to help deal with the impact of Brexit. However there could be resource implications if more resource was needed, such as through mutual aid with other authorities, or if there is a significant delay in Brexit or through the Great Repeal Bill

The Committee also asked that support is given to staff and residents who are EU nationals and need to register with the government. Dan Gascoyne informed the Committee that information is being shared and help is there.

*RESOLVED* that the report's content and overview of the current arrangements be noted.

#### **148. Review of the Business Plans, Governance and Performance of the Council's Wholly - Owned Companies**

Dan Gascoyne, Assistant Director, Policy and Corporate and acting as the Councils client representative for the wholly owned companies, introduced the Review of the Business Plans, Governance and Performance of the Council's Wholly Owned Companies. The report requests that the Committee note the governance arrangements that are in place between the Council and Colchester Commercial (Holdings) Limited and its subsidiary companies. The Committee were also asked to consider and review the activities and financial performance of Colchester Commercial (Holdings) Limited and its subsidiary companies and to also review and make recommendations to Cabinet on the refreshed Colchester Commercial (Holdings) Limited Business Plan and those of the subsidiary companies.

Councillor Nick Barlow, Portfolio Holder for Commercial Services and Chairman of the Board for Colchester Commercial (Holdings) Limited, addressed the Committee and explained how the company were keen to hear about how the Committee would like to take the relationship forward. Councillor Barlow informed the Committee of issues he personally felt had arisen since being a member of the board. Whilst he felt it was essential for the Portfolio Holder of Commercial Services to also act as Chair of the Board at the beginning of the company, he was no longer convinced that this was the most appropriate model going forward. In addition he considered that further work needed to be undertaken in providing training for Councillors about the role and work of the companies.

Councillor Barlow thanked the other Board members and officers for all their hard work spent setting up the companies over the last year.

It was suggested by the Committee that it would help Councillors in communicating with the companies if there was a designated contact email address. This approach worked well with Colchester Borough Homes. The Committee felt very strongly that it was important that the companies were seen as transparent. Mr Pritchard, Managing Director of Colchester Commercial Holdings Ltd, agreed that more work needed to be done on public relations and communications with regards to the companies, and in particular further consideration needed to be given to the balance of information put in the public domain and that considered as commercially sensitive.

In response to questions from members, Councillor Barlow gave a brief break down with regards to the companies, their roles and the major projects. Fiona Duhamel informed the Committee that Amphora Energy had received a £3.3 million grant and also an additional £200,000 for due diligence towards the Heat Network project. She explained how the low carbon technology and the concept of a heat network was innovative and the Government was keen to build on the concept and develop similar networks across the United Kingdom. There was also potential to develop further heat networks across the borough. The Committee stressed the need to publicise this work further.

A further question was asked with regards to having independent non-executive directors to bring business experience on the board and seeking those with external experience. Councillor Barlow informed the Committee that this was a discussion that was currently being held within Colchester Commercial (Holdings) Limited. The Committee also agreed with the suggestion by Councillor Barlow that it would be more appropriate for Councillor appointments to the Board to be non-executive members, although there would need to be clear lines of communication with relevant Cabinet members. In terms of the issues around appointing non-executive members to the Board, the Committee requested a further report be submitted to the first meeting of the Committee in the new municipal year.

It was also suggested that it would help the Committee discharge its stakeholder function to receive a bi-annual update from CCHL.

*RESOLVED* that

- (a) The governance arrangements in place between the Council and Colchester Commercial (Holdings) Limited and its subsidiary companies be noted
- (b) Regular briefings be given to all Councillors with regards to the operation and structure of the Companies.
- (c) Colchester Commercial (Holdings) Ltd be asked to give further consideration as to how Councillors could be provided with effective direct contact links with CCHL and its subsidiaries.
- (d). To RECOMMEND to CABINET that it consider whether future Councillor appointments to the Board of Colchester Commercial (Holdings) Ltd be limited to non-executive members only.
- (e) The Governance and Audit Committee receive bi-annual interim reports from Colchester Commercial (Holdings) Limited
- (f) Training be provided to the Governance and Audit Committee on its role as as the stakeholder Committee for Colchester Commercial (Holdings) Limited.
- (g). A further report to come back to the Governance and Audit Committee on the 25 June 2019 on issues relating to the appointment of non-executive Directors to the Colchester Commercial (Holdings) Limited board.

#### **149. Risk Management Progress Report**

Hayley McGrath, Corporate Governance Manager, introduced the Risk Management Progress report. The report requests that the Committee consider and comment on the Council's progress and performance in managing risk during the period from 1 April 2018 to 30 September 2018 and to consider and comment on the current strategic risk register.

The Committee was informed that the key strategic risks remain the same; this includes the potential impact of future central government decisions to reduce public funding and failure or inappropriate management of strategic partnerships or key contracts. It had, however, added an additional two items which include the impact of the withdrawal from the European Union and delays in the delivery of the Garden Communities project.

Hayley McGrath highlighted that a lot of work had been done with regards to the Commercial companies; looking at their insurance programmes and making sure that the different ways of working have the appropriate risk management tools applied. Also work had been done on the risks relating to the security of public and civic events; working closely with Essex Police and Colchester Garrison and helping to manage events going forward. Hayley also informed the Committee that a big project within the team has been with regards to looking at operational risk registers operationally as a result of the reviews

that been going through and how they reflect the way we provide our services.

*RESOLVED* that the Governance and Audit Committee considered and commented on the progress and performance in managing risk and the current risk register.

### **150. Annual Review of Business Continuity**

Hayley McGrath, Corporate Governance Manager, introduced the Annual Review of Business Continuity report. The report requests that the Committee consider and comment on the business continuity work undertaken during the period and endorse the business continuity strategy for 2019.

Hayley McGrath provided the Committee with a summary of the report and informed members that business continuity is part of the risk management framework. The report is brought to the Committee to provide assurance that appropriate measures and plans are in place.

Hayley McGrath gave a summary with regards to the work that had been completed which included; a review of all service plans, completion of table top exercises on the following service areas Customer, Environment, Communities and Colchester Amphora Trading. Colchester's Multi Agency Flood Plan being re-written, Colchester Town's Evacuation Plan being reviewed and agreed by Essex Police and updating Colchester's severe weather plan.

In response to questions from the Committee Hayley informed members that Leisure World is still used as a rest centre, but the Council also has various other centres around Colchester. With regards to Parish Councils the Emergency Planning Officer has been out at the Parish Liaison meetings but the Council was happy to look at Parish Councils to come in for a meeting about emergency planning and business continuity. The trading companies that have moved across to Amphora also moved with the Business Continuity plans that were put in place whilst they were part of Colchester Borough Council. The Council would work with Amphora to make sure it can deliver the services as we need too. Hayley informed the Committee that she would also look at the possibility of having a fire drill during a Council meeting.

*RESOLVED* that;

- a. The Committee considered and commented on the business continuity work undertaken during the period.
- b. The Committee endorse the Business Continuity Strategy for 2019.

### **151. Interim Review of the Annual Governance Statement Action Plan**

Hayley McGrath, Corporate Governance Manager, introduced the Interim Review of the Annual Governance Statement Action Plan. The report requests that the Committee consider and comment on the work undertaken to implement the current Annual Governance Statement action plan.

Hayley McGrath highlighted that the report provides an update on the recommendations

that were raised in the Annual Governance Statement report which was discussed in June. Hayley McGrath confirmed that all recommendations made for the four areas of concern; Security of premises/information, Contract Management, Project Management and Financial Management will all be on-going throughout the year. Hayley McGrath also confirmed that auditors would be checking those areas as part of the routine internal auditing programme.

The Governance and Audit Committee welcomed the report and the progress made.

## **152. Internal Audit Plan 2019/20**

Hayley McGrath, Corporate Governance Manager, presented the report. The report requests that the Committee consider and agree the suggested internal audit plan for 2019/20.

Hayley McGrath informed the Committee that the Council is required to maintain a five year audit plan, with an annual plan agreed with management about the specific areas covered during the next financial year. The annual plan is then provided to the Committee for approval.

Hayley McGrath stated that the internal audit contract provides for 325 auditing days per year, and that the plan has been agreed by the performance management board. The plan also includes 15 days of auditing for significant contracts and 25 to review IT systems and processes, which will be allocated during the year. Hayley also noted that the audit plan had been rearranged to reflect the Council's new operational structure and several audits have been identified as now coming under Colchester Commercial Holdings Ltd (CCHL). Whilst previously the Council has identified all of the audits required for CCHL, it is now more appropriate for a number of days to be allocated to the company, to decide how they are used. However, the Council will require assurance over specific areas, especially in the first few years of operation, therefore a few key areas for review (joint audits) have been identified on the plan along with a general allowance for CCHL to decide how to use, which has been set at fifteen days.

*RESOLVED* that the suggested Internal Audit Plan for 2019/20 be agreed.

## **153. Work Programme 2018 –19**

Councillor Fox introduced the Work Programme 2018-19. The report requests that the Committee note the contents of the Work Programme.

*RESOLVED* that the Work Programme of 2018-19 be noted.

25 June 2019

<b>Report of</b>	<b>Assistant Director, Policy &amp; Corporate</b>	<b>Author</b>	<b>Mark Jarvis</b>
<b>Title</b>	<b>Draft Annual Statement of Accounts 2018/19</b>		<b>☎ 282774</b>
<b>Wards affected</b>	Not applicable		

## 1. Executive Summary

- 1.1 This report sets out the arrangements for the audit and approval of the Council's Draft Statement of Accounts for 2018/2019. The main dates to note are as follows:
- The deadline for the draft accounts to be certified by the Responsible Financial Officer is 31 May 2019. This was achieved on 30 May 2019
  - The final accounts audit is to run from 3 June with the draft report provided to officers by the 10<sup>th</sup> July.
  - The accounts are open for public inspection from Monday 3 June 2019 to Friday 12 July 2019.
  - The pre-audit revenue and capital outturn results have been reported to the Scrutiny Panel on the 11 June 2019.
  - The External Auditor will report their findings to this Committee on 30 July 2019.
  - The deadline for approving and publishing the audited accounts is 31 July 2019.
  - Confirmation of the publication of the accounts will be reported to the Committee on 3 September 2019.

## 2. Recommended Decision

- 2.1 To consider and take note of this report relating to the pre-audit Statement of Accounts for 2018/19.

## 3. Reason for Recommended Decision

- 3.1 This report notifies the Committee of the main deadlines, and background information relating to the statutory requirement of approving the audited Statement of Accounts.

## 4. Alternative Options

- 4.1 Not applicable.

## **5. Statement of Accounts 2018/19**

- 5.1 The draft accounts for 2018/19 have now been compiled, and they were certified by the Responsible Financial Officer on 30 May 2019, which is in accordance with the statutory deadline. It is suggested good practice to publish the draft Statement of Accounts on the Council's website, in line with the Government's policy of increased transparency. The draft accounts can be accessed via the link below:
- <https://www.colchester.gov.uk/info/cbc-article/?catid=our-council-governance&id=KA-01764>
- 5.2 The Statement of Accounts for 2018/19 has been prepared using the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. The key areas of the Statement of Accounts, including the main financial statements are explained in the annex to this report.
- 5.3 Authorities are required to report based on the way in which they operate and manage services. This allows a clear link to be made between the final outturn that will be reported to the Scrutiny Panel on 11 June 2019 and the audited financial statements.
- 5.4 The final accounts audit commenced on 3 June 2019 and is expected to have been completed by the beginning of July. The External Auditor will report to the meeting of this Committee on 30 July 2019. The report will detail the findings of the final accounts audit, address any matters arising out of the audit and comment on the proposed audit opinion on the accounts. The Responsible Financial Officer must re-certify the presentation of the annual accounts before Member approval is given.
- 5.5 The Council aims to have secured Member approval and published the accounts with the audit opinion and certificate prior to the new deadline of 31 July 2019. Confirmation of the published statement, including the Auditors' opinion, would then be reported to the meeting of the Committee on 3 September 2019.
- 5.6 As has been the case in prior years, it is proposed that an internal briefing session for Members is arranged to take place prior to the Committee of 30 July 2019 where Members will be asked to approve the certified accounts. It is important that all Members sitting on the Committee on this date attend this briefing. The session will seek to explain the purpose of the main statements and provide a broader understanding of the contents of the accounts and the Auditors' report. This, in turn, should enable those Members approving the accounts to be satisfied that the presentation appears appropriate, and that the accounts are consistent with other financial information provided. Members are requested to advise of any particular areas of concern in advance, so they can be addressed within the session.

## **6. Strategic Plan References**

- 6.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2018/19.

## **7. Publicity Considerations**



- 7.1 The accounts are open for public inspection from Monday 3 June 2019 to Friday 12 July 2019 to meet our legal duties. These dates are shown on the Council's website and can be accessed via the link below:

<https://www.colchester.gov.uk/info/cbc-article/?catid=annual-reports&id=KA-01664>

- 7.2 Staff will be available to provide information and respond to questions during this period. The local press also usually takes the opportunity to view the accounts and information will be provided as appropriate.

## **8. Financial Implications**

- 8.1 The approval of the Statement of Accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.
- 8.2 The Scrutiny Panel and Governance and Audit Committee received periodic financial reports during the course of the financial year. The pre-audit revenue and capital outturn results for the financial year 2018/19 will be considered by the Scrutiny Panel on 11 June 2019.

## **9. Other Standard References**

- 9.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

## **Background Papers**

None

## Key Areas of the Statement of Accounts

### ***Movement in Reserves Statement***

This statement is a summary of the movements in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' and 'unusable reserves'. Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Unusable reserves include a number of adjustments that reflect the difference between the requirements of proper accounting practices and the statutory arrangements for the setting of Council Tax and Housing Rents.

### ***Comprehensive Income and Expenditure Account***

This statement consolidates all the gains and losses experienced by the Council during the financial year as a result of incurring expenditure on its major functions, and generating income from the Collection Fund and from Central Government. The total of this account shows the increase/decrease in the net worth of the Council, which agrees to the movement on the Total Net Assets shown on the Balance Sheet.

### ***Balance Sheet***

This statement summarises the Council's financial position at the year end. It shows assets and liabilities that the Council holds or has accrued with other parties. These are matched by the reserves available to the Council, which fall into two categories – usable and unusable.

### ***Cash Flow Statement***

This statement summarises the cash flows that have taken place into and out of the Council's bank accounts over the financial year. It separates the flows that have occurred as a result of the Council's operations, those flows arising from investing activities and those flows attributable to financing decisions made by the Council.

### ***Expenditure and Funding Analysis***

This shows how annual expenditure is used and funded from resources (e.g. government grants, rents, Council Tax and Business) by the Council in comparison with those resources consumed/earned by the Council in accordance with generally accepted accounting practices. It allows a clear link to be made between the final outturn that will be reported to Members, and the Comprehensive Income and Expenditure Account.

### ***Housing Revenue Account Income and Expenditure Statement***

This statement reflects the requirement to account separately for income and expenditure relating to the assets held by the Council for the purposes of housing. It shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The increase or decrease on the HRA balance on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

### ***Collection Fund Accounts***

These accounts show the amounts involved in the collection and distribution of Council Tax and Non-Domestic Rates. The year end balances are distributed across the Balance Sheets of the Billing authority, Government and Precepting authorities.

### ***Group Accounts***

These accounts bring together the financial position of the Council and its interest in Colchester Borough Homes Limited.

25 June 2019

<b>Report of</b>	<b>Assistant Director Policy &amp; Corporate</b>	<b>Author</b>	<b>Andrew Tyrrell</b> ☎ 282390
<b>Title</b>	<b>Colchester Commercial Holdings Ltd Annual Report 2018/19</b>		
<b>Wards affected</b>	All Wards		

## 1. Executive Summary

- 1.1 The purpose of this report is to provide the Committee, in its role as Shareholder Committee, with performance information for the first year of trading activities by Colchester Commercial Holdings Ltd (CCHL) and the subsidiary companies; Colchester Amphora Energy Ltd (CAEL), Colchester Amphora Homes Ltd (CAHL), Colchester Amphora Trading Ltd (CATL).
- 1.2 The “2018/19 Annual Report” is provided in Appendix A. The report explains how the companies performed and how, being solely owned by the Council, the companies achieved their profit target of £286k. This amount was returned to the Council, as sole shareholder, as a dividend payment for reinvestment.

## 2. Action Required

- 2.1 The Committee is invited to review the performance of CCHL (and its subsidiaries) during 2018/19, having regard to the performance information for the year provided in Appendix A.
- 2.2 The Committee is also invited to make any recommendations to the Portfolio Holder for Commercial Services on CCHL performance management arrangements for 2019/20 or beyond.

## 3. Reason for Review

- 3.1 CCHL is a wholly owned company of the Council and has a key role to play in contributing to the achievement of the Council’s strategic objectives. CCHL is the holding company for three separate subsidiaries, providing numerous products, services, and opportunities that reflect the Council’s strong public sector ethos as shareholder, but also see the companies operating in a commercial market.
- 3.2 The companies have a turnover of £4.2m and employ 135 people who help deliver projects that include (but are not exhaustive to):
  - The design and delivery of an innovative low-carbon heat network at the Northern Gateway that is 1 of only 9 pilots to gain Government funding.
  - The delivery of over 300 high quality mixed-tenure housing, including 30% affordable homes in Colchester
  - Continuing, and increasing, delivery of many events, products and trading services that expand the brand of Colchester as a place to work, live and visit.

- 3.3 This annual report is to be considered as the Governance & Audit Committee has the responsibility to act as the shareholder committee for these companies. As part of this role the Committee is required to:
- Consider and review the activities and financial performance of Colchester Commercial (Holdings) Limited and its subsidiary companies;
  - Monitor, challenge and make recommendations to Cabinet regarding Colchester Commercial (Holdings) Limited and its subsidiary companies; and
  - Make recommendations to Cabinet on how it should exercise the functions flowing from its ownership of shares in Colchester Commercial (Holdings) Limited and its subsidiary companies.
- 3.4 In addition, the Governance & Audit Committee also reviews Colchester Commercial (Holdings) Limited's Business Plan for 2018-2021 (including its subsidiary companies) annually. This most recently occurred in March 2019 and is an annual requirement.

#### **4. Background Information**

- 4.1 When the Council set up its wholly-owned companies the aim was to build a global brand of Colchester as a place to do business, invest, live, study and visit. This aim included goals to improve the quality and availability of homes (both for private sale and affordable rent) for local people, to create an innovative Heat Network at the Northern Gateway and to develop a range of other high-quality products and services. These beneficial aims are delivered whilst operating in a commercial manner, generating profitable returns through a dividend (to the Council as shareholder) or to re-invest in the companies to assist their growth. Consequently, the companies enable the Council to continue to provide public service functions within the ongoing challenges of increasing budget pressures that all local authorities face.
- 4.2 CCHL is a private company limited by shares, with the Council being the sole shareholder. The Council therefore retains full control over the direction of the companies, whilst the Directors hold the responsibility for making decisions, providing leadership and monitoring the performance of the company. The Directors are also responsible for obtaining appropriate legal, financial and tax advice to enable them to make informed decisions about the running of the company, as well as maintaining and regularly reviewing a robust risk management framework.
- 4.3 The Council signed a 12-year Management Agreement with CCHL in March 2018. The Management Agreement between the Council and CCHL sets out how the company will provide a range of services to the Council, as well as managing some budgets and services on behalf of the Council. The Company then manages its budget within the overall management fee and through income that the companies generate from their activities.
- 4.4 For 2018/19, the Board of CCHL consisted of four Councillors (Cllrs Barlow, Flores, Goss, and J. Young) and the Managing Director. The Managing Director of CCHL is the Chief Executive of the Council. This role has overall responsibility for ensuring compliance with the Shareholder Agreement.
- 4.5 The representation on the Board allows the Council to offer direction to the holding company (and its subsidiaries), whilst providing it with the freedom to operate in a fully commercial marketplace to drive forward delivery as outlined in the agreed Business Plans.
- 4.6 The performance is also monitored by the Council in monthly liaison meetings that include officers from both the Client Team and Finance Team; as set out within the Liaison Protocol appended to the Management Agreement. Both financial and non-financial KPIs are monitored, whilst a range of related matters are also discussed to ensure suitable governance is in place.
- 4.7 This is important because good governance, accountability and transparency are essential to the Council and form a cornerstone to improving our public services. In discharging this accountability, the Council is required to make proper arrangements for the governance of its companies and it was imperative that an appropriate governance structure was put in place to ensure the sound and robust management of the companies. This offers protection of the Council's financial and reputational investment in the companies.

- 4.8 Similarly, all of the companies are subject to any audit and inspection requirements of the Council. The Management Agreement referred to above also sets out these audit requirements. External audit remains an essential element in accounting for public money and makes an important contribution to the stewardship of the Council's public resources. It also supports local democracy by helping to ensure that members and officers are accountable to the communities they serve and by providing assurance that the public money they manage has been properly spent.
- 4.9 Copies of audited accounts must be provided to the Council as soon as reasonably practicable after external audits. The Company also undertakes all internal and external audit to comply with the law. Similar requirements also exist for complaints, enquiries and legal proceedings related to any services provided by the companies.
- 4.10 Under a Service Level Agreement (SLA), the Companies also pay the Council a fee for the provision of a number of services, such as Human Resources, IT and Customer Services. The current SLA runs from 1 April 2018 to 31 March 2021 and sets out the respective roles and responsibilities of each party in the provision of the services. The annual fees for the services provided by the Council are also detailed.
- 4.11 The partnership Agreements help CCHL ensure that it, and the subsidiary companies, deliver against their individual Business Plan targets. The overarching Business Plan for CCHL sets out that the holding company provides the strategic direction, financial performance monitoring and senior management capacity for the subsidiary companies. In addition, although CCHL is a holding company, it does undertake some trading activities (e.g. senior management of the Council's Sport and Leisure function).

## **5. Strategic Plan References**

- 5.1 The services and projects delivered by CCHL contribute directly to the Strategic Plan 2018-2021 priority areas:

GROWTH... Ensuring all residents benefit from the growth of the borough

- Help make sure Colchester is a welcoming place for all residents and visitors
- Ensure residents benefit from Colchester's economic growth with skills, jobs and improving infrastructure
- Promote inward investment to the borough
- Develop jobs, homes, infrastructure and communities to meet the borough's future needs by creating new Garden Communities
- Work with partners to create a shared vision for a vibrant town centre.

RESPONSIBILITY... Encouraging everyone to do their bit to making our borough even better

- Promote responsible citizenship by encouraging residents to get involved in their communities and to identify solutions to local issues
- Increase the supply of good quality homes by using legal powers to reduce the number of empty homes and improve standards in the private rented sector
- Create new routes for walking or cycling and work with partners to make the borough more pedestrian-friendly.

OPPORTUNITY... Promoting and improving Colchester and its environment

- Promote and enhance Colchester borough's heritage and visitor attractions to increase visitor numbers and to support job creation

- Help business to flourish by supporting infrastructure for start-up businesses and facilitating a Business Improvement District

WELLBEING... Making Colchester an even better place to live and supporting those who need most help

- Work with Essex Police and partners in the Safer Colchester Partnership to make Colchester an even safer place
- Create new social housing by building Council homes and supporting Registered Providers
- Help residents adopt healthier lifestyles by enabling the provision of excellent leisure facilities and beautiful green spaces, countryside and beaches.

## **6. Equality, Diversity and Human Rights implications**

- 6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.2 The performance reported herein will have no disproportionate impact on, nor disadvantage, any protected group.

## **7. Consultation**

- 7.1 There is no specific consultation requirement generated in relation to this report.

## **8. Publicity Considerations**

- 8.1 There is no specific publicity consideration in relation to this report.

## **9. Financial implications**

- 9.1 In terms of overall governance, the companies operate as separate organisations with financial regulations agreed by relevant company boards. Where the companies are spending money on behalf of the Council, such as sport and leisure, capital budgets within the RIF, etc, then all approvals are required to be in line with normal Council procedures.
- 9.2 In terms of the financial assumptions and dividend targets, when the companies were set up the financial targets and estimated dividend for 2018/19 was broadly based on existing budget assumptions when services were operating within the Council.
- 9.3 The performance in the first year shows that CCHL delivered against its target dividend for 2018/19. Further details can be found in the report within Appendix A.
- 9.4 Looking ahead to 2019/20, the target dividend set out in the CCHL business plan and council budgets assumes an increase in income for the Council of £107k. The Business Plan for CCHL sets out how it is expecting to deliver this increased dividend for the Council, so that the Council can benefit from this in providing our services to the public.

- 9.5 Turning to funding for CCHL, funding for the company (and certain CATL services) is via a management fee paid by the Council and through income that the companies generate. In addition, separate agreements will provide loan finance to the housing and energy subsidiaries. These have been subject to separate reports agreed by Cabinet and as such are not set out in detail within this report.

## **10. Health, Wellbeing and Community Safety Implications**

- 10.1 Health and wellbeing is influenced by a number of factors, many of which fall under the responsibility of the Council. The Company activities span various aspects and assist the Council to do all it reasonably can to promote positive health benefits to our residents; whilst reducing, removing or minimising any unintended consequences to health that may arise from services or decisions. Projects such as the CNG Sports Hub are designed to improve health and wellbeing, as are trading operations such as Helpline.

## **11. Health and Safety Implications**

- 11.1 The matters herein do not result in harm to the health and safety of the general public or raise any specific health and safety issues related to this report.

## **12. Risk Management Implications**

- 12.1 CCHL has a risk register that is actively managed. Each of the subsidiary companies also have their own risk register. All of the companies have a Business Continuity Plan. A key risk associated with the companies concerns the financial risk attached to the delivery of income targets (capital and revenue) and management of costs. This is actively managed through regular monitoring and reporting on the financial position and the governance arrangements detailed within this report.

## **Appendices**

Appendix A – 2018/19 Annual Report





Colchester  
COMMERCIAL HOLDINGS



## 2018/19 Annual Report

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## WELCOME



### Welcome to the 2018/19 Annual Report from Colchester Commercial (Holdings) Ltd.

The report explains how we've performed as a wholly owned subsidiary of Colchester Borough Council (CBC).

Being a business solely owned by the Council, Colchester Commercial (Holdings) Ltd (CCHL) will return profits to CBC for reinvestment into good quality homes and services for the businesses and residents of Colchester. Over the last year we made a surplus for the year of £286k, which was returned to our shareholder, CBC, as a dividend payment.

Launching a company during unpredictable times like this is a challenge. Launching three of them is perhaps more than most would recommend, but I'm proud to say that the employees of CCHL and its three subsidiary companies have risen to meet that challenge throughout the last year.

All three companies have broken new ground in their operations, not merely taking over existing council operations. Colchester Amphora Energy Ltd (CAEL) has literally broken ground, drilling deep into the ground in search of revolutionary energy solutions for Northern Gateway. Colchester Amphora Homes Ltd (CAHL) is pushing forward new ways of developing high-quality sustainable housing, while Colchester Amphora Trading Ltd (CATL) has revamped services and put Colchester firmly on the map with a line-up of new high-profile events.

CATL has also provided an excellent commercial development and estates service to the Council, growing revenue for CBC to reinvest into Council services, leading the way in developing digital

connectivity and providing new office workspace for businesses in the form of Amphora Phases 1 and 2. The CATL funding team has also succeeded in securing £18m external investment for CBC projects.

It's been a privilege to be the Chair of CCHL's Board during this first year of operations and I'd like to thank my fellow board members for the hard work they've put in to putting the company on a solid foundation for these initial stages, ready for future growth and development. This report shows the hard work of all the employees of the CCHL group of companies, who've done so much to build it to this point, ready for future growth and development.



**Cllr Nick Barlow**  
Chair of CCHL Board

## WHO WE ARE AND WHAT WE DO







**Colchester Commercial Holdings Ltd** (CCHL) is the holding company for three separate subsidiaries, with related but distinct products, services, markets and opportunities. We continue to consolidate our three trading entities into a high-quality commercial offer which maintains the strong public sector ethos of its shareholder.

**Colchester Amphora Trading** (CATL) delivers high quality products and services to public and private sector clients in the property, leisure and health care industries.

**Colchester Amphora Energy** (CAEL) designs and implements low carbon energy systems and provides energy services in Colchester.

**Colchester Amphora Homes** (CAHL) delivers high quality affordable and private homes for sale in Colchester and the surrounding area.

### CCHL's aims

-  Improve quality and availability of homes for private sale and affordable rent for local people.
-  Generate profit to maintain viability, reduce risk, return a dividend to our sole shareholder, CBC, and re-invest in CCHL.
-  Operate in a commercial, innovative manner exploring options for development and expansion.
-  Provide our clients with high-quality products and services while maintaining a high level of return for the Council.
-  Capitalise on our unique product and services range to gain market share.
-  Build the global brand of Colchester as a place to do business, invest, live, study and visit.

## HOW WE ARE GOVERNED

CCHL is operated through its Board of Directors, which has delegated authority from the shareholder (CBC) to determine strategy and direction of the business in accordance with its objectives, and through joint working with the Senior Management Team.

The directors each hold an individual responsibility for making decisions, providing leadership and monitoring the performance of the company. The directors are responsible for obtaining appropriate legal, financial and tax advice to enable them to make informed decisions about the running of the company. The directors are responsible for maintaining and regularly reviewing a robust risk management framework. The Board meet on a bi-monthly basis and are bound by the Articles of Association and Code of Conduct.



## HIGHLIGHTS FROM OUR FIRST YEAR

1. Dividend of £286,000 returned to CBC
2. Turnover: £4.2million
3. 135 employees
4. 600 new Helpline customers
5. New Helpline systems and procedures introduced to ensure higher levels of customer service
6. 211,000 visitors to our Events
7. £18m external funding raised for CBC, of which £3.2m to drive forward the rollout across the Borough of ultrafast digital broadband
8. £3.2m commercial rental income managed and secured for CBC
9. Colchester recognised as an office property hotspot
10. Raised profile of Colchester nationally through high profile place-making events eg. concerts in the park
11. Completion of a management restructure within the Sport and Leisure service to make it more customer and business focused
12. New classes for all at Colchester Leisure World introduced in 2018/19:  
Dementia classes, Sport for Confidence, and women only swimming sessions

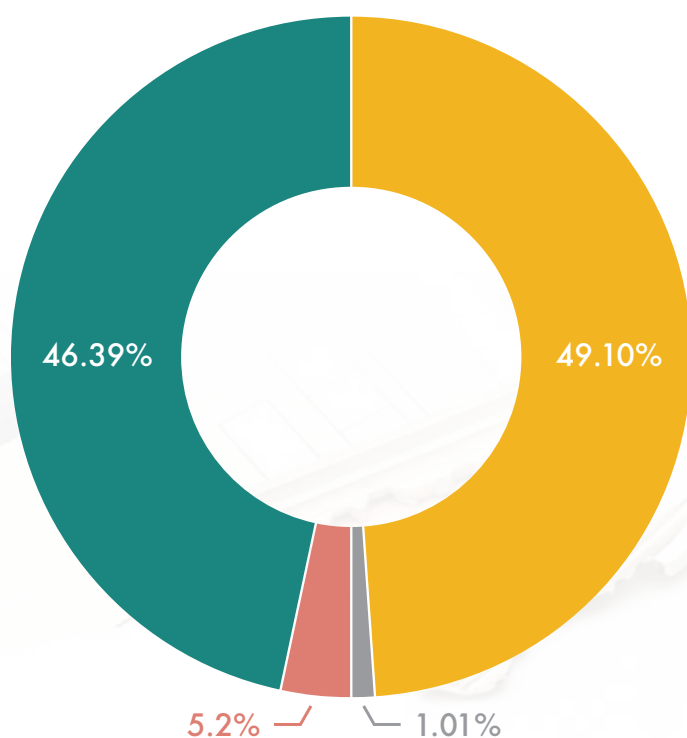
## BEING FINANCIALLY STRONG

In the year ending 31 March 2019, the Group received £4.2m of income for the products and services it provides.

We spent £3.9m to provide our services; this includes £666,000 paid to CBC through a service level agreement for support services and accommodation and £100,000 paid to CBC for the use of several venues used to run events across the borough.

All employees have worked incredibly hard to overcome several challenges during our first year of trading. The team has shown that they are able to rise to the challenge of delivering dividends, and this stands us in good stead as an organisation as we continue to grow.

The overall financial performance in our first full year of trading was excellent, and in making a profit, CCHL delivered a dividend of £286,000 to CBC.



Turnover figures by company

CCHL	£2,081,000
CAHL	£42,800
CAEL	£148,029
CATL	£1,966,098





# COLCHESTER AMPHORA TRADING'S PERFORMANCE REVIEW

## Commercial Development Service

Colchester Amphora Trading's (CATL) Commercial Development team provides a range of services to CBC, as its main client, from project inception and feasibility through to full a development management service and delivery of large-scale construction projects.

During 2018/19 the team was responsible for the delivery of a £30m capital programme on behalf of the Council, meeting budget and programme milestones.

The team successfully completed a notable office build project during the year; Amphora Phase 2 was completed on time and within budget. This development will generate a significant new income stream for CBC.

The team has also worked hard to ensure the Northern Gateway Sports development started on site in January 2019. This is a substantial capital development project for CBC and once completed will have an array of sports activities and become a centre of regional and national importance.



## ECONOMIC DEVELOPMENT SERVICES

The Economic Development team provides a dedicated resource to the Council, focusing on economic strategy, inward investment, sector development, funding bids and leading business initiatives to drive employment, business growth, skills and training.

Not to be outdone, the Economic Development service also had great success during 2018/19, securing over £18m of external funding for CBC for a range of projects and initiatives.

The team has continued to provide support on a range of businesses and high growth sectors and has driven a high quality inward investment campaign for CBC through the Ultraready brand [www.colchesterultraready.com](http://www.colchesterultraready.com)

We continue to support creative and digital activity within the Borough and have fast-tracked delivery of the Council's digital strategy by securing £3.2m from the Department for Digital, Culture, Media & Sport (DCMS) for further roll out of the town centre ultrafast fibre network. This makes Colchester one of the few places in the UK with high speed broadband.

In recognition of the significant opportunity which exists in the East of England, we have also put considerable focus into the energy sector this year, representing CBC on the North Essex Energy Group and driving forward new partnerships with the Department for Business, Energy & Industrial Strategy (BEIS) around clean growth, commissioning a sector specific market demand study and hosting a business event at the Colchester Stadium.

We have helped the Council and Our Colchester (the Business Improvement District/BID) submit a proposal to Government for the Future High Streets Fund, have assisted in the development of a Care Innovation programme and developed even stronger relationships with a range of partners such as the South East Local Enterprise Partnership (SELEP), University of Essex and the Colchester Business Enterprise Agency (COLBEA).

## ESTATES AND ASSET MANAGEMENT SERVICE

CATL provides high quality estates and asset management services to CBC for its diverse operational and investment portfolios and provides a range of specialist consultancy advice to all departments within the Council. Our dedicated team of professional chartered surveyors continues to focus on maximising and generating new income from CBC assets, maximising capital receipts and providing our client with good quality advice on the effective use of operational property.

During 2018/19 the team successfully managed CBC's property investment portfolio worth circa £3.3m maintaining a staggering £3.6m of income for the Council, an increase of £0.4m from 2017/18. Key highlights include the negotiation and completion of the lease for Amphora Phase 2, a pre-let which set a new record headline office rent in Colchester and marketing, negotiating and managing the disposal of nearly £20m worth of land and property which has either already completed or is under offer.

Maximising asset performance is a priority for CBC so CATL carries out regular reviews of the investment and operational portfolio to identify opportunities to add value, identify under-performing investment properties and review operational assets to ensure they are fit for delivering Council services.



# Helpline<sup>®</sup>

*There when you need us*

The Helpline service delivers a high quality monitoring and response service to vulnerable residents across the Borough and beyond, 24 hours a day, 365 days of the year.

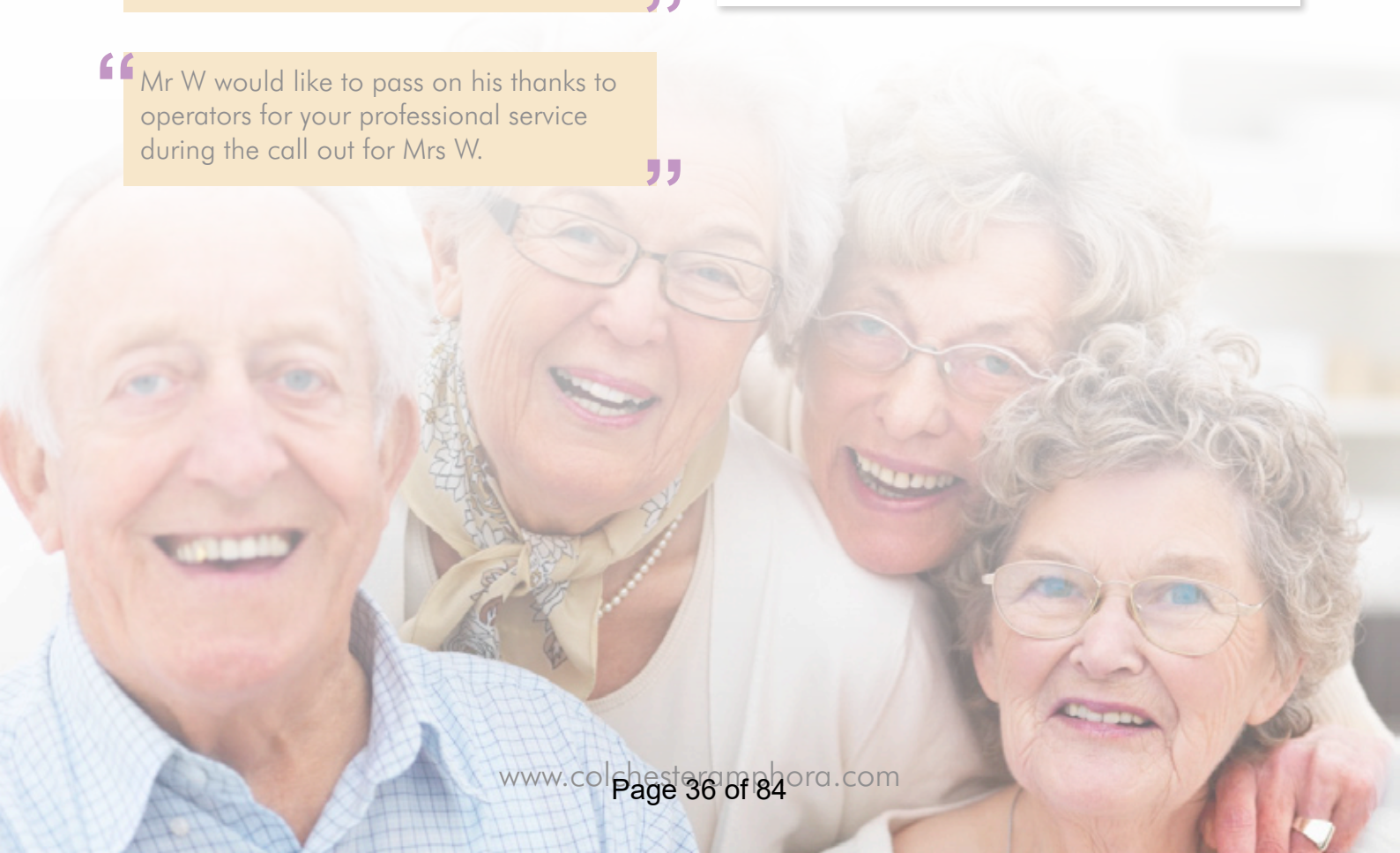
## Compliments

“ Mr B has been taken to hospital. His son wanted to thank the team for their help today. He is very grateful. ”

“ Mrs R was very grateful and complimented our operators for the professional service last night when her husband fell out of bed. ‘Mrs R’s daughter called to tell us that the service was worth every penny as it enabled her mother to feel more independent and confident’ ”

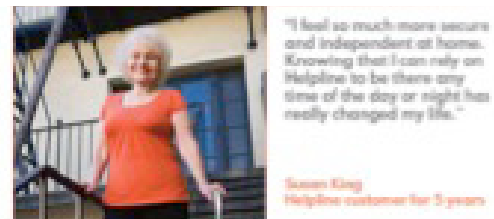
“ Mr W would like to pass on his thanks to operators for your professional service during the call out for Mrs W. ”

## Coverage



## Facts

- We have over 3,500 customers across North Essex, which includes the Colchester Borough and Tendring
- Over 3,300 people who have fallen have been picked up by our 24/7 mobile response team
- Over 600 new customers have joined our service since April 2018
- 158 individuals were assisted in North Essex via Operation Pendant, working with the East of England Ambulance Service to pick up non-injured fallers reducing the demand on their service
- Consistently 99% of our customers are satisfied every month



## CCTV

The provision of a CCTV service supports public safety in Colchester and the surrounding area. A team of Monitoring Centre Operators oversees a network of cameras day and night. CATL runs this service on behalf of CBC.

During 2018/19 the team recorded 4,242 incidents, of which 188 resulted in arrests.

Looking forward CATL will be actively pursuing opportunities to enhance the service for CBC and also take on additional commercial clients within the borough.





## Events Team

The provision of events is managed and operated by the Events team who sit within CATL. The team delivers a range of events across the Council's historic venues; the Town Hall, Colchester Castle, Charter Hall, Castle Park and the Old Heath Recreation Ground, and pay the Council an annual fee to hire these venues.

Over the last 12 months the Events team successfully delivered a broad range of high quality, safe events for residents and visitors to Colchester.

### Venue:

- Charter Hall - 55
- Town Hall - 481
- Castle - 68
- Open Air - 56

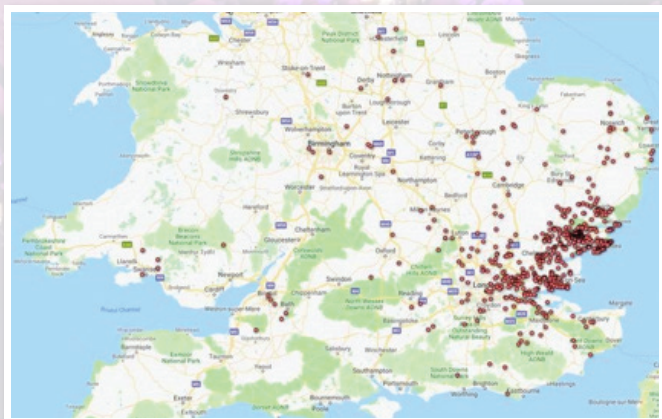
Total visitors for the year 211,000

### Top Events:

- Food and Drink Festival - 10,000 visitors
- Octoberfest - 6,000 visitors
- Simple Minds - 5,000 visitors



### Where people come from:





## Colchester Amphora Homes' Performance Review

**Colchester Amphora Homes (CAHL) is a housing development company set up to deliver new homes for the people of Colchester.**

During 2018/19, CAHL has agreed terms to acquire four sites from CBC that will deliver over 300 new units in Colchester, of which 30% will be affordable homes for local people.

During the year, CAHL has carried out due diligence on all four sites and submitted outline planning applications on two of the sites, with the remaining two following on in 2019/20. CAHL aims to be on site building its first homes during 2019.

In addition, CAHL has provided development consultancy services to CBC on the redevelopment of a number of garage sites to provide more affordable homes across the borough. CAHL has recruited an experienced and knowledgeable team to drive forward this programme of development as we go through the next financial year.



## Colchester Amphora Energy's Performance Review

Colchester Amphora Energy (CAEL) was established to design and implement low carbon energy systems and provide energy services in Colchester.

CAEL's focus during 2018/19 has been on the first stage of delivering a large heat network in North Colchester that will provide an ultra-low carbon heat solution to residents, businesses and other commercial users.

During our first year, CAEL has successfully completed the testing and drilling of Borehole 1 and has also submitted the detailed planning application for the Heat Network at Northern Gateway.

CAEL continues to work closely with BEIS and has now secured the final tranche of the £3.2m grant funding from the Department for Business, Energy and Industrial Strategy (BEIS) to CBC for the project.

CAEL has continued to explore new areas of business and is currently at feasibility stage on a further major heat network in Colchester with proposals to develop a micro grid also under consideration.





## LOOKING FORWARD



*"It's difficult looking forward without looking back. It gives perspective and learning about pace and likelihood. It allows for reflection and re-assessment."*

Colchester Commercial (Holdings) Ltd and its three subsidiary companies have completed their first successful year of trading. This is a remarkable achievement by all concerned given the sheer volume of work needed to set up new companies (policies, processes, procedures and governance matters) whilst staying focused on delivery against stretching first year targets.



Having achieved these superb results Amphora has established itself as a brand in the Colchester market. We now look forward to further growth in our core businesses; attracting further investment and profile in to Colchester; and beginning to expand our trading offer and new businesses opportunities.

**Adrian Pritchard**  
Managing Director CCHL



[www.colchesteramphora.com](http://www.colchesteramphora.com)

14 June 2019

<b>Report of</b>	<b>Assistant Director Customer</b>	<b>Author</b>	<b>Sarah Cheek</b>
<b>Title</b>	<b>Review of Polling Districts and Polling Places</b>		
<b>Wards affected</b>	All wards of Colchester Borough Council		

**This report concerns a statutory review of all polling district and polling places.**

## 1. Decision(s) Required

- 1.1 To consider the proposed changes to polling districts and polling places following a consultation period. This decision will be passed to full council for approval.

## 2. Reasons for Decision(s)

- 2.1 In accordance with the Electoral Registration and Administration Act 2013, every council in England and Wales must undertake and complete a review of all their polling districts and polling places at least once every four years. This needs to be completed by the 1 December 2019 so any changes can be included in the new electoral register.

## 3. Alternative Options

- 3.1 There are no alternative options. This review is a statutory requirement.

## 4. Supporting Information

- 4.1 On Monday 4 March 2019 we published the notice of Polling District and Polling Place Review 2019. The last polling district and polling place review was completed in 2015, to coincide with the ward boundary changes. There will no ward boundary changes in 2019.
- 4.2 A polling place is defined as a designated area (e.g. a designated building or street) for a polling district in which polling stations are located. Although the review is of polling districts and polling places, there is such a close link to polling stations that these will be reviewed concurrently.
- 4.3 In conducting this review the council must have, as far as practicable, regard to the criteria set out in the legislation and must seek to ensure that all electors in the constituency have reasonable facilities for voting as are practical in the circumstances. Also, they must ensure that wherever possible the polling place is accessible to all electors, including those who are disabled, when designating the polling station. Consideration must be given to the requirement that each polling district should have a polling place in the defined area and within the ward except in exceptional circumstances.

## **5. Consultation**

5.1 The Electoral Registration and Administration Act 2006 requires the relevant authority to actively seek representations from:

- A) The Acting Returning Officer for the area of the Constituency the authority covers.
- B) Any persons as it thinks have expertise in relation to access to premises or facilities for persons who have different forms of ability.
- C) Electors in the Borough may offer opinions on the designation of polling places.

5.2 Responses were received from the following individuals:

- Andy Wright (Braintree Returning Officer)
- Adam Scott
- Dave Harris (Councillor)
- David Lines
- Jackie MacLean (Councillor)
- Lee Scordis (Councillor)
- Lyn Barton (Councillor)
- Pauline Bacon
- Roger Buston (Councillor)
- Michelle Harris

## **6. Proposals**

6.1 For many of the polling districts no change is required, the polling districts and stations will remain the same as it is considered the existing arrangement provide satisfactory facilities for the elector. Changes are detailed below and in the appendix.

6.2 Willows & Monkwick polling district (AB). Historically Thomas Lord Audley School was used as the polling station. However, TLA school is no longer fit for purpose as a polling station. The school are reluctant for us to use them as a polling station. The polling station has recently been situated in the gym hall, due to the availability of other rooms in the school. However, the gym hall is quite a way through the school grounds and a ramp must be supplied by the council Zone's teams for disabled access. For the European Parliamentary Election on 23 May the polling station at TLA was relocated to Abbots Community Hall. The relocation was a result of the school's refusal to allow use of the gym hall due to exams on that date. Nonetheless, the relocated polling station worked well. It is proposed therefore that the polling place be expanded to include both AB Willows & Monkwick and AL Barnhall, as well as the polling station being changed to Abbots Community Hall. Whilst Abbots Community Hall is in a different ward it is in close geographical location. In terms of accessibility it is the most suitable polling station in the area and far superior in that respect to Thomas Lord Audley.

6.3 Home Farm polling district (AR). Historically Home Farm Primary School was used as the polling station. However, Home Farm School have been increasing reluctant for us to use them as a polling station. For both elections in May of this year we had to use a portacabin on the school grounds as the school refused to facilitate use in any of the school rooms. Inevitably, use of a portacabin was less than ideal. Home Farm School as a polling station is still under review. The polling place has therefore been expanded to the whole of Prettygate Ward to allow us scope to find a more suitable polling station.

- 6.4 Trafalgar polling district (AQ). Historically Lexden Primary School was used as the polling station. However, this created several problems with some electors having to travel past another polling station to get here as well as congestion on the road leading to the school. The school were also reluctant for us to continue using them as a polling station. Therefore, the polling station was changed to make the polling station accessible to all electors. Now we are using Praiseway Church on Straight Road. However, the polling station we use will remain under review. As such, to allow wider scope, the polling place will be listed as The Wards of Lexden and Braiswick and Prettygate.
- 6.5 Shrub End polling district (BF). Alderman Blaxill School was historically used as the polling station. However, the school was demolished. We are currently using Shrub End Social Centre as the polling station. Whilst concerns were raised in the consultation, regarding parking and the fact that the social centre is not central in the heart of the polling district in the same way as the school was, this venue remains the best available polling station. St Cedd's Church was previously used however, it is unavailable as a polling station due to a weekly booking on Thursdays. Once the new school on the Alderman Blaxill site is built, we will look to use that as a polling station. The polling place has therefore been expanded to the Shrub End Ward so we have scope to change the polling station.
- 6.6 Tiptree Maypole polling district (GS). Whilst St Lukes Church is outside of the polling district. At the moment there is no polling station within the Tiptree Maypole district which is suitable.
- 6.7 West Stanway polling district (GL). The polling district is increasing in size and Copford Village Hall is no longer a suitable polling station. Stanway Village Hall is more convenient and easily accessible for the electorate.
- 6.9 Great Wigborough (GG) and Little Wigborough (GH) polling districts. Essex Wildlife Trust has been replaced by Peldon and Wigboroughs Community Hall. This building is a combined polling station with two presiding officers. One PO oversees both the Great and Little Wigborough registers, the second PO oversees the Peldon register (ES). Therefore, the one building has electors from two separate wards. However, the venue is more than adequate to accommodate with minimal risk of cross pollination – especially given that the electorate is relatively small.
- 6.10 Peldon polling district (ES). Formerly Peldon Village Hall, now the new village hall dubbed Peldon & Wigborough Community Hall. No other change.

## **7. Strategic Plan References**

- 7.1 Having an appropriate polling district and polling station scheme link in with our Strategic Plan aims to be efficient accessible, customer focused and always looking to improve.

## **8. Publicity Considerations**

- 8.1 During the thirty day period of consultation, maps, current polling district and elector numbers as well as any other relevant information was available for public inspection, along with details listed on the council's website.
- 8.2 Upon conclusion of the review, any elector who is affected with a change in polling station will be contacted and the new polling location explained.
- 8.3 The final schedule of polling districts and polling places will be available for public inspection and details listed on the council's website.

## **9. Financial Implications**

9.1 There are no financial consequences arising from this report for the Borough Council

## **10. Equality, Diversity and Human Rights implications**

10.1 An Equality Impact Assessment has been completed.

## **11. Community Safety Implications**

11.1 There are no community safety implications.

## **12. Health and Safety Implications**

12.1 There are no health and safety implications associated with this decision.

## **13. Risk Management Implications**

13.1 There are no risk management implications.

## **Background Papers**

Appendix A Draft recommendations to polling District and Polling Places



**Colchester Borough Council**

**Draft Schedule of Polling District and Polling Places  
2019**



Ward	Polling District	Polling Place	Polling Station	Electorate	Proposed Changes
Berechurch	AA Berechurch	Nancy Smith Close	Plum Hall Common Room	1513	No change
	AB Willows & Monkwick	AB Willows & Monkwick and AL Barnhall	Abbots Community Hall	1052	Thomas Lord Audley School is no longer fit for purpose as a polling station. The TLA polling station was relocated to Abbots Community Hall for 23.05 EU Election and this worked well.
	AC Mersea Road	St Margaret's Church Hall Stansted Road	St Margaret's Church Hall Stansted Road	2096	No change
	AD Blackheath	Polling District of Blackheath	Orchard Baptist Church Blackheath	2310	No change
	EC Cherry Trees	Sexton Close	Cherry Trees Community Hall	512	No change

Castle	AE Jumbo	Quaker Meeting House	Quaker Meeting House	1241	No change
	AF Castle	Castle Methodist Church	Castle Methodist Church	1702	No change
	AG Riverside	The Celtic Rose Centre	The Celtic Rose Centre	2214	No change
	AH Cowdray Avenue	Belle Vue Social Club	Belle Vue Social Club	2469	No change

Greenstead	BH Hawthorn Avenue	Greenstead Community Centre	Greenstead Community Centre	2965	No change
	BI Avon Way	Forest Road Meeting Hall	Forest Road Meeting Hall	3399	No change
	BJ Greenstead Road	Polling District Greenstead Road	St John Ambulance HQ	695	No change
	BM Longridge	Hazelmere Infant and Junior School	Hazelmere Junior School	1515	No change



Highwoods	AN East Highwoods	Highwoods	St Johns & Highwoods Community Centre	4135	No change
	AO West Highwoods	Jack Andrews Drive	The Ark Church, Highwoods	792	No change
	AP Myland East	Jack Andrews Drive	The Ark Church, Highwoods	2407	No change

Lexden & Braiswick	AQ Trafalgar	The Wards of Lexden and Braiswick and Prettygate	Praiseway Church Straight Road	598	Changed to make the polling station accessible to all electors. Polling Station under review.
	AS East Lexden	Kingswode Hoe School	Kingswode Hoe School	1639	No change
	AT Braiswick	Woods Bowling Pavillion	Woods Bowling Pavillion	721	No change
	EJ Aldham	Polling District of Aldham Village	Aldham Village Hall	388	No change
	ET Eight Ash Green	Eight Ash Green Village Hall	Eight Ash Green Village Hall	1328	No change
	EU West Bergholt	Orpen Memorial Hall	Orpen Memorial Hall	2596	No change

Marks Tey & Layer	GA Birch	The Parish of Birch	Birch Memorial Hall	636	No change
	GB Layer De La Haye	Queen Elizabeth Hall New Cut	Queen Elizabeth Hall Annexe	1460	No change
	GC Layer Marney	Polling District of Layer Marney	Layer Marney Tower	165	No change
	GD Layer Breton	Polling District of Layer Breton Heath	St Marys Church, Layer Breton Heath	216	No change
	GE Messing	The Parish of Messing	Messing Village Hall	238	No change
	GF Inworth	The Parish of Inworth	Inworth Parish Church	74	No change

	GG Gt Wigborough	The Polling Districts Peldon and the Wigboroughs	Peldon & Wigborough Community Hall	171	Essex Wildlife Trust has been replaced by Peldon and Wigboroughs Community Hall.
	GH Lt Wigborough	The Polling Districts Peldon and the Wigboroughs	Peldon & Wigborough Community Hall	26	Essex Wildlife Trust has been replaced by Peldon and Wigboroughs Community Hall.
	GI Salcott	The Parish of Salcott	Salcott Old School Hall	168	No change
	GJ Virley	The Parish of Salcott	Salcott Old School Hall	56	No change
	GL West Stanway	The ward of Marks Tey & Layer	Copford Polling District & Stanway Polling District	691	The electorate is increasing and Copford VH is no longer a suitable. Stanway VH is more convenient and easily accessible for the electorate.
	GM Copford	The Parish of Copford	Copford Village Hall	1214	No change
	GN Easthorpe	The Parish of Easthorpe	Easthorpe Church Hall	142	No change
	GO Marks Tey	Polling District of Marks Tey	Marks Tey Parish Hall	2080	No change

Mersea & Pyefleet	EO Abberton	Abberton & Langenhoe Polling District	Abberton & Langenhoe Village Hall	355	No change
	EP East Mersea	The Parish of East Mersea	East Mersea Village Hall	215	No change
	EQ Fingringhoe	The Parish of Fingringhoe	Fingringhoe Village Hall	660	No change
	ER Langenhoe	The Parish of Abberton	Abberton & Langenhoe Village Hall	496	No change
	ES Peldon	The Polling District of Peldon and the Wigboroughs	Peldon & Wigborough Community Hall	463	Formerly Peldon Village Hall.
	EV West Mersea	The Parish of West Mersea	The Mersea Centre	5929	No change

Mile End	AU Bergholt	Mile End Road	Myland Parish Halls	1924	No change
	AV Mile End Road	Mile End Road	Myland Parish Halls	2667	No change
	AW Turner Road	Highwoods Country Park	Highwoods Country Park Visitor Centre	3209	No change

Newtown & Christ Church	AI Christchurch	Christ Church	Christ Church Hall	1698	No change
	AJ Hamilton Road	Hamilton Road Primary School	Hamilton Primary School	2037	No change
	AX St Johns Green	YMCA Magdalene Street	YMCA Community Hall	3744	No change
	AZ Canterbury	St Stephens Church Canterbury Road	St Stephens Church Centre	1862	No change

Old Heath & Hythe	AK Scarletts	Winsley Square Polling District	Worsnop House	495	No change
	AL Barnhall	Abbots Community Hall Ladbrook Drive	Abbots Community Hall	1569	No change
	AM Old Heath	Old Heath Community Centre D'Arcy Road	Old Heath Community Centre	2299	No change
	AY Hythe	Hythe Community Centre, Centre Ventura Drive	Hythe Community Centre	2311	No change
	BA Winsley Square	Worsnop House Old Heath Road	Worsnop House	663	No change
	ED Rowhedge	The Parish of Rowhedge	Rowhedge Village Hall	1514	No change

Prettygate	AR Home Farm	Prettygate Ward	Home Farm School	2051	Home Farm School as a polling station is still under review
	BB East Prettygate	Plume Avenue United Reform Church	Plume Avenue United Reform Church	2372	No change
	BC West Prettygate	Church of Jesus Christ of Latter Day Saints	Church of Jesus Christ of Latter Day Saints	512	No change
	BD James Carter	Straight Road Community Centre	Straight Road Community Centre	1450	No change

Rural North	EA Dedham	The Parish of Dedham	The Assembly Rooms High Street	1602	No change
	EB Langham	The Parish of Langham	Langham Community Centre	859	No change
	EE Boxted	The Parish of Boxted	Boxted Village Hall	1080	No change
	EF Fordham	The Parish of Fordham	Fordham Village Hall	700	No change
	EG Great Horkesley	The Parish of Great Horkesley	Great Horkesley New Village Hall	2044	No change
	EH Little Horkesley	The Parish of Little Horkesley	Little Horkesley Village Hall	161	No change
	EI Wormingford	The Parish of Wormingford	Wormingford Village Hall	357	No change
	EK Chappel	The Parish of Chappel & Wakes Colne	Chappel & Wakes Colne Village Hall	402	No change
	EL Great Tey	The Parish of Great Tey	Great Tey Village Hall	763	No change
	EM Mount Bures	The Parish of Mount Bures	Mount Bures Village Hall	188	No change
	EN Wakes Colne	The Parish of Chappel & Wakes Colne	Chappel & Wakes Colne Village Hall	419	No change

Shrub End	BE Rainsborowe Road	Shrub End Community & Sports Centre	Shrub End Community & Sports Centre	2290	No change
	BF Shrub End	Shrub End Ward	Shrub End Social Centre	2854	Alderman Blaxill School was demolished however a new school is being built. Once this school is built we will look to use that as a polling station.
	BG Lordswood Road	The Community Hall (Musket Club)	The Community Hall (Musket Club)	2807	No change

St Johns & St Annes	BK St Annes	St Annes Church Compton Road	St Annes Church	3042	No change
	BL Churnwood	Oak Tree Community Centre	Oak Tree Community Centre	1069	No change
	BN Ipswich Road	St Johns Church Community Centre	St Johns Church Community Centre	1498	No change
	BO Parsons Heath	Friars Grove Primary School	Friars Grove Primary School	2560	No change. Albeit Friars Grove polling Station will be kept under review.

Stanway	GP Stanway	Stanway Village Hall Villa Road	Stanway Village Hall Villa Road	6668	No change
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Tiptree	GK Tiptree Grove	The polling District of Tiptree Grove	Tiptree United Reformed Church	1198	No change
	GQ Tiptree Church	St Lukes Church	St Lukes Church Extension	1667	No change
	GR Tiptree Heath	Tiptree Heath Primary School	Tiptree Heath Primary School	2257	No Change
	GS Tiptree Maypole	The Ward of Tiptree	St Lukes Church Extension	2141	Whilst St Lukes Chuch is outside of the polling district. Currently there is no polling station within the Tiptree Maypole district which is suitable.

Wivenhoe	EW University	University of Essex	Student Centre University of Essex	1966	No change
	EX Wivenhoe Cross	Broomgrove School	Broomgrove Infant School	1624	No change
	EY Wivenhoe Quay	William Loveless Hall	William Loveless Hall	3111	No change
	EZ Broome Grove	Broomgrove School	Broomgrove Junior School	1134	No change



Report of	Assistant Director of Policy & Corporate	Author	Hayley McGrath ☎ 508902
Title	Internal Audit Year-End Assurance Report 2018/19		
Wards affected	Not applicable		

## 1.0 Executive Summary

- 1.1 This report summarises the performance of Internal Audit during the 2018/19 financial year, and details the audits undertaken between 1 October 2018 and 31 March 2019. Audits completed between 01 April and 30 September 2018, were reported on 30 October 2018.
- 1.2 The audit plan consists of a mix of regularity, systems and probity audits, and assurance ratings are generated for all audits carried out. This report has been designed to show:
- Summary information concerning audits finalised in the period receiving a 'Full' or 'Substantial' assurance rating, and more detailed information on those audits receiving a 'Limited' or 'No' assurance rating.
  - The effectiveness of the Internal Audit provider in delivering the service.
- 1.3 The key messages are:
- An effective internal audit service was provided during the 2018/19 financial year.
  - The National Non-Domestic Rates (NNDR) and Creditors audits have maintained 'Full' assurance ratings.
  - The assurance ratings for the Insurance and Museum audits have increased from "Substantial" to "Full" assurance.
  - The assurance rating for the Closed-Circuit Television (CCTV) audit has decreased from "Substantial" to "Limited" assurance.
  - Thirty-three priority 2 and ten priority 3 recommendations have been made. All recommendations have been accepted by management.
  - There is good progress made in implementing and verifying outstanding recommendations.

## 2.0 Recommended Decision

- 2.1 To review and comment on:
- Internal audit activity for the period 1 October 2018 – 31 March 2019.
  - Performance of internal audit by reference to national best practice benchmarks.

## 3.0 Reason for Recommended Decision

- 3.1. The Accounts and Audit Regulations 2015 require that 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Internal audit is a key element of the Council's corporate governance framework. Robust implementation of audit recommendations gives assurance to members and management that services are operating effectively, efficiently and economically and in accordance with legislative requirements and professional standards.

## 4.0 Alternative Options

4.1 None.

## 5.0 Background Information

### 5.1 Summary of Audits Finalised During the Period

During the period 1 October 2018 to 31 March 2019 a total of sixteen audits were completed. Two audits achieved an increase in assurance rating, one audit rating was decreased, eleven audits remained at the same level and two reviews were carried out for the first time.

Audit	Assurance Level	Change in Level	Priority of Recommendations			Agreed
			1	2	3	
412 – NNDR	Full	►	0	0	2	2
413 – Debtors	Substantial	►	0	1	0	1
414 – Corporate Debt	Substantial	►	0	1	0	1
415 – Parking Services Income / Partnership	Substantial	►	0	5	0	5
418 – Performance Management of Staff	Substantial	►	0	2	0	2
419 – Creditors	Full	►	0	0	0	0
420 – Risk Management	Substantial	►	0	4	2	6
421 – Payroll	Substantial	►	0	1	0	1
422 – Housing Rents	Substantial	►	0	1	1	2
424 – Licensing for Taxis	Substantial	N/A	0	2	2	4
427 – Planning KPI	N/A	N/A	0	1	1	2
431 – CCTV	Limited	▼	0	11	0	11
433 – General Ledger	Substantial	►	0	2	0	2
434 – Insurance	Full	▲	0	0	1	1
435 – Museums	Full	▲	0	0	1	1
436 – Leisure World	Substantial	►	0	2	0	2

### 5.2 Use of Audit Resources:

	Days	%
Audit days delivered April – September 2018	106.5	33
Audit days delivered October 2018 – March 2019	162.5	50
Work in progress	8	3
Days carried over to meet operational needs	46	14
	<b>323</b>	<b>100%</b>

5.2.1 The forty-six days carried over relate to planned audits that management have requested are deferred, either because the system is new (or has recently changed) and needs to be embedded or there are plans to change the service in the very near future. These are Animal / Pest Control; Garden Communities; Hire of Stadium; Private Sector Housing (Financial Assistance Policy) and IT Arcus System.



- 5.2.2 In addition the audits deferred from 2017/18 (forty-three days) have been undertaken during 2018/19: IT Cloud 365; Homelessness and Housing Advice; Housing Register and Allocations; Licensing for Taxis; and Waste Management.
- 5.2.3 The completion of three audits, currently in progress have been delayed to meet operational needs: Engagement of Contractors; Access cards; and Waste Management. The outcomes from these audits will be included in the next report to this committee.

### 5.3 Status of all recommendations as at 31 March 2019:

- 5.3.1 Following the completion of each audit, a report is issued to management, incorporating recommendations for improvement in controls and management's response to those recommendations.
- 5.3.2 The table below provides a breakdown of the outstanding recommendations as at the 31 March 2019.

	<b>Outstanding Recommendations That Are:</b>			
<b>Date</b>	<b>Implemented &amp; Verified</b>	<b>Awaiting Verification</b>	<b>Not Due</b>	<b>Overdue</b>
31/03/19	136	51	17	0

- 5.3.3 Progress in following up recommendations has continued throughout the period with revised lists of recommendations provided to the Assistant Directors to enable them to confirm that they have been implemented and for Internal Audit to verify.
- 5.3.4 Priority continues to be given to those awarded a higher priority rating and/or those that have been outstanding the longest, and work continues with management to arrange for them to be verified and cleared down.
- 5.3.5 Of the 51 recommendations that are awaiting verification 23 of them relate to IT audits.
- 5.3.6 The "not due" recommendations include those relating to audits that are carried out every year. It has been agreed that they will be formally followed up as part of the next audit.

### 5.4 Performance of Internal Audit 2018/19 – Key Performance Indicators (KPIs):

<b>KPI</b>	<b>Target</b>	<b>Actual</b>
<b><i>Efficiency:</i></b>		
Percentage of annual plan completed (to at least draft report stage)	<b>100%</b>	<b>100% *</b>
Average days between exit meeting and issue of draft report	<b>10 max</b>	<b>5.8</b>
Average days between receipt of management response and issue of final report	<b>10 max</b>	<b>0.5</b>
<b><i>Quality:</i></b>		
Meets CIPFA Code of Practice – per Audit Commission	<b>Positive</b>	<b>Positive</b>
Results of Client Satisfaction Questionnaires (Score out of 10)	<b>7.8</b>	<b>10.0 **</b>
Percentage of all recommendations agreed	<b>96%</b>	<b>100%</b>

\* Excluding those that have been delayed / deferred at the request of management.

\*\* Only one received.

- 5.4.1 The key performance indicators show that the internal audit provider is successfully meeting the standards set.

## **5.5 Colchester Borough Homes Limited**

- 5.5.1 Colchester Borough Homes Limited has its own agreed audit plan which is administered by Mazars LLP, who are also the Council's auditors. The coverage of the plan, and the scope of the audits, is decided by Colchester Borough Homes Limited and in general the audits do not affect the systems operated by the Council.
- 5.5.2 However, there are a small number of audits that, whilst they are carried out for either Colchester Borough Homes Limited or the Council, have a direct relevance and impact on the other organisation and in these circumstances it is appropriate that the results of the audit are reported to both organisations. These are known as joint audits.
- 5.5.3 One joint audit, Housing Rents, has been completed during the period. The audit retained a substantial assurance rating with two recommendations being raised - one priority 2 and one priority 3.

## **6.0 Strategic Plan Implications**

- 6.1 The audit plan has been set with due regard to the identified key strategic risks to the Council and the objectives of the strategic plan to be vibrant, prosperous, thriving and welcoming. Therefore, the audit work ensures the effectiveness of the processes required to achieve the strategic objectives.

## **7.0 Risk Management Implications**

- 7.1 The failure to implement recommendations may have an effect on the ability of the Council to control its risks and therefore the recommendations that are still outstanding should be incorporated into the risk management process.

## **8.0 Other Standard References**

- 8.1 There are no direct Publicity, Financial, Consultation, Equality, Diversity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

## Key to Assurance Levels

### Assurance Gradings

Internal Audit classifies internal audit assurance over four categories, defined as follows:

<b>Assurance Level</b>	<b>Evaluation and Testing Conclusion</b>
Full	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Substantial	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
No	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

### Recommendation Gradings

Internal Audit categories recommendations according to their level of priority as follows:

<b>Priority Level</b>	<b>Staff Consulted</b>
1	Major issue for the attention of senior management and the Governance and Audit Committee.
2	Important issues to be addressed by management in their areas of responsibility
3	Minor issues resolved on site with local management.

## Summary of Audits with a Limited Assurance Rating:

			Priority of Recommendations			Agreed
			1	2	3	
431 – CCTV	Days	Assurance				
	7	Limited	0	11	0	11

**Scope of Audit:** This review examined the following areas:

- Policies and Procedures;
- Use of CCTV;
- Selecting and Siting of Cameras;
- Training;
- Security of Images;
- Monitoring of Compliance with the Code of Practice; and
- Reporting

**Key Outcomes:** The recommendations resulting from this review are summarised below. Each of the recommendation have been graded as priority 2:

- A new Code of Practice (the Code) should be developed to cover the CCTV System and this should be signed by all relevant partners e.g. the Council and the Police. The Code should be developed in-line with legal and regulatory requirements.
- The CCTV procedures should be updated to ensure that they reflect current practice. Once completed staff training should be undertaken, following which staff should sign to evidence that they have read, understood and agree to work in accordance with the procedures. Regular monitoring against the required processes should be completed and this should be fed back at regular 1-2-1 meetings / performance reviews.
- Access to the portal with Videcom, to report CCTV faults, should be given to all operators, together with appropriate training on how to raise jobs.
- The new contract should include performance metrics; advice on the contents of the contract should be obtained from other organisations within the Essex CCTV Group. Regular feedback on performance should be obtained with regular contract meetings held, especially following the initial commencement of the contract.
- A meeting should be set up with the Planning Department to ensure that there is an established relationship between the Amphora CCTV Team and the Major Development Team to help ensure that S106 monies are obtained in relation to CCTV where appropriate. The Major Development Team should be involved as part of the process when determining the installation of new equipment / re-tendering of the maintenance contract.
- New Lay Visitors should be recruited and these should be replaced after an agreed period of time.
- Staff should be reminded of the need to fully complete the CCTV Monitoring Centre Shift Occurrence Log. Management review of the Occurrence Logs should be completed on a monthly basis and additional training offered and/or appropriate action taken where staff continually fail to complete the forms fully.
- Staff should be reminded of the need to complete CCTV Camera Patrols at the beginning of each shift to confirm that they are working as expected. In addition, a management review of the Occurrence Logs should be completed on a monthly basis to verify that camera patrols have been completed with appropriate action taken where staff continually fail to complete the required camera patrol.

- Management should re-introduce the weekly statistics for CCTV. In addition members of the Essex CCTV Group should be contacted for advice on Key Performance Indicators (KPIs) that are recorded and these should be monitored going forward, following installation of new equipment / re-tender of the maintenance contract.
- Management should establish links with the partner organisations and ensure that where appropriate they attend relevant meetings.
- The Annual Report as outlined in the Code should be produced and made available to the public.



## Governance and Audit Committee

Item  
**11**

24 June 2019

<b>Report of</b>	<b>Monitoring Officer</b>	<b>Author</b>	<b>Andrew Weavers</b>
			 <b>282213</b>
<b>Title</b>	<b>Committee on Standards in Public Life Findings on Review of Local Government Ethical Standards</b>		
<b>Wards affected</b>	N/A		

### 1. Executive Summary

- 1.1 The purpose of this report is to inform the Committee of the findings by the Committee on Standards in Public Life following its recent review of local government ethical standards.

### 2. Recommended Decision

- 2.1 To note the report by the Committee on Standards in Public Life in relation to local government ethical standards including best practice for the improvement of ethical standards.

### 3. Reasons for Recommended Decision

- 3.1 To inform the Committee of the findings contained in the report by the Committee on Standards in Public Life following its review of local government ethical standards.

### 5. Background Information

- 5.1 At its meeting on 6 March 2018 the Committee considered a paper on the stakeholder consultation being undertaken by the Committee on Standards in Public Life in relation to Local Government Ethical Standards.
- 5.2 At its meeting on 5 June 2018 the Committee noted the Council's response to the stakeholder consultation.
- 5.3 The Committee on Standards in Public Life is an independent advisory Non-Departmental Public Body and was established in 1994 by the then Prime Minister under the chairmanship of Lord Nolan. Within its first report the Committee defined the Seven Principles of Public Life, commonly known as the Nolan Principles. As this Committee is aware, these principles continue to be relevant and are incorporated in the Borough Council's Code of Conduct for Members.
- 5.4 The Committee monitors and considers issues and concerns relating to standards in public life, including standards in local government. The purpose of the current Review was for the Committee to assure themselves that the current standards framework is conducive to promoting and maintaining the standards expected by the public. The report can be accessed by clicking on the following link:  
<https://www.gov.uk/government/publications/local-government-ethical-standards-report>

- 5.5 The terms of reference for the review are detailed in the report at page 20 and were to:
1. Examine the structures, processes and practices in England for:
    - (a) maintaining codes of conduct for local councillors
    - (b) investigating alleged breaches fairly and with due process
    - (c) enforcing codes and imposing sanctions for misconduct
    - (d) declaring interests and managing conflicts of interest
    - (e) whistleblowing
  2. Assess whether the existing structures, processes and practices are conducive to high standards of conduct in local government
  3. Make any recommendations for how they can be improved
  4. Note any evidence of intimidation of councillors, and make recommendations for any measures that could be put in place to prevent and address such intimidation
- 5.6 The Review identified some specific areas of concern relating to bullying and harassment and other disruptive behaviour by a minority of councillors. The Review also identified a number of risks in respect of the current rules around conflicts and declaring of interests, gifts and hospitality and the increased complexity of local government decision-making.
- 5.7 However, the Review continues to support the current framework whereby local authorities have responsibility for ethical standards, and although the need for a central body to govern and adjudicate on standards was considered, the Committee has concluded that there is no reason to reintroduce centralisation.
- 5.8 The Committee has made 26 recommendations and identified 15 recommendations of best practice to improve ethical standards in local government. The recommendations include the suggestion for the Local Government Association (LGA) to create an updated model code of conduct, to enhance consistency and the quality of local authority codes. There are also further recommendations regarding declaring and managing interests, investigations and safeguards, and sanctions. The full list of recommendations is included within the report at pages 14 – 17. Some of these recommendations will require Parliamentary time as they require changes to legislation.
- 5.9 The Report confirms that the best practice recommendations for local authorities should be considered a benchmark of good ethical practice which all local authorities should implement. The full list of best practice recommendations is included at pages 18-19 of the report.
- 6. Standard References**
- 6.1 There are no particular references to the Strategic Plan; publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.



25 June 2019

<b>Report of</b>	<b>Assistant Director of Policy &amp; Corporate</b>	<b>Author</b>	<b>Hayley McGrath 508902</b>
<b>Title</b>	<b>Review of the Governance Framework and Draft Annual Governance Statement</b>		
<b>Wards affected</b>	Not applicable		

## 1.0 Executive Summary

This report relates to the Council's duty to produce an Annual Governance Statement, that reviews the effectiveness of the Council's internal control systems for the 2018/2019 financial year, which is required for the 2018/2019 Statement of Accounts.

## 2.0 Recommended Decisions

- 2.1 To consider and note the review of the Council's compliance with the seven principles of good governance (CIPFA International Framework: Good Governance in the Public Sector 2014) including the review of effectiveness of the internal control arrangements.
- 2.2 To approve the Annual Governance Statement for 2018/19.

## 3.0 Reasons for Recommended Decisions

- 3.1 Regulation 3 of the Accounts and Audit Regulations 2015 states that:  
*'A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.'*
- 3.2 Regulations 6(1) and (2) go on to place a requirement on the Council to conduct a review of the effectiveness of its system of internal control at least once a year, and to report the findings to this committee. Following the review, the committee must approve an Annual Governance Statement (AGS), prepared in accordance with proper practices in relation to internal control.
- 3.3 The review of the system of internal control assesses the Council's compliance with the seven principals of good corporate governance, set out in the 2016 CIPFA / SOLACE guidance – Delivering Good Governance in Local Government, and the effectiveness of the policies and procedures that make up the Council's governance framework. The process also produces a management action plan to address any identified weaknesses.
- 3.4 CIPFA's proper practice requires the Chief Executive and the Leader of the Council to sign the AGS. They must be satisfied that the document is supported by reliable evidence and accurately reflects the authority's governance and control arrangements.

## 4.0 Alternative Options

- 4.1 None.

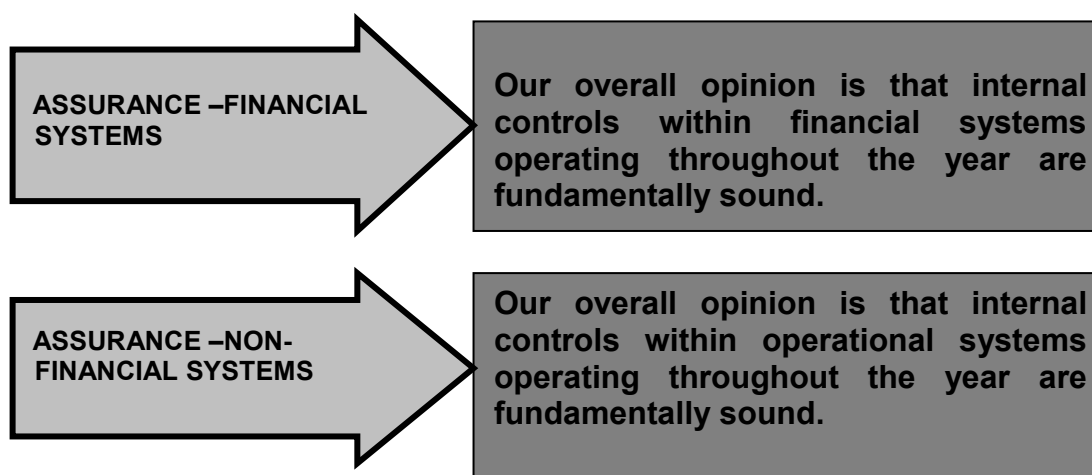
## 5.0 Background Information

- 5.1 Colchester Borough Council has adopted a Local Code of Corporate Governance based on the 'Delivering Good Governance in Local Government' guidance. The purpose of the AGS is to review compliance with the seven principles of good governance outlined in the guidance and the Council's Local Code of Corporate Governance.
- 5.2 The seven principles of Corporate Governance are:
- Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - Principle 2: Ensuring openness and comprehensive stakeholder engagement.
  - Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits.
  - Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  - Principle 6: Managing risks and performance through robust internal control and strong public financial management.
  - Principle 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 5.3 As part of the governance review the Council has to demonstrate the effectiveness of its internal control arrangements, and this is primarily evidenced by the Head of Internal Audit Report, produced by the Council's Internal Audit provider, Mazars. A copy of the report is available as a background paper. The key statement from this report is detailed below: -

### 2018/19 Year Opinion

#### Internal Control

From the Internal Audit work undertaken in compliance with the PSIAS (Public Sector Internal Audit Standards) in 2018/19 it is our opinion that we can provide **Substantial Assurance** that the system of internal control in place at Colchester Borough Council for the year ended 31 March 2019 accords with proper practice, except for the significant control environment issues as documented in the detailed report. The assurance can be further broken down between financial and non-financial systems, as follows:



- 5.4 The overall summary from the report states:  
*'we have noted a slight deterioration in Colchester Borough Council's control environment during the audit year. During the 2018/19 year, 25 (83%) of internal audit projects were rated 'full/substantial assurance' compared with 28 (90%) in the prior year. We have noted an increase in the number of internal audit projects rated 'limited assurance' from three (10%) to five (17%) in 2018/19. There were no 'nil assurance' audits this year which is consistent with the previous period.'*
- 5.5 In addition, the further steps taken in producing the AGS have been as follows: -
- A full review of the Council's code of corporate governance including detailed assessment of evidence supporting each principle.
  - Assurance assessments relating to key areas of governance and control have been completed by senior management.
  - Consideration of risk management issues.
  - Detailed follow up of issues with relevant managers to provide evidence of controls in place.
  - Review of the action plan from the Annual Governance Statement for 2017/18.
  - Review of the implementation of recommendations made by Internal Audit.
  - Review of issues raised in External Audit reports, principally the Annual Audit Letter.
  - Assessment that the financial arrangements comply with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2016).
- 5.6 The AGS for 2018/2019 is attached at appendix 1. The format of the statement takes into account both the mandatory pro-forma contained within CIPFA's proper practice guidance, together with subsequent examples of best practice.
- 5.7 The AGS includes a table showing significant internal control issues and planned actions to address these. A more detailed action plan is set out within this report at Appendix 2. The AGS should be an ongoing assessment and therefore a review of the progress against the recommendations will be reported to the Committee later in the financial year.
- 6.0 Strategic Plan Implications**
- 6.1 The achievement of the strategic plan requires a sound system of governance to ensure the effective delivery of services. Therefore, improving on existing governance arrangements will help to ensure that the strategic plan objectives can be achieved.
- 7.0 Risk Management Implications**
- 7.1 Risk Management is a fundamental part of the Governance process and a failure to implement the action plan may have an effect on the ability of the Council to control its risks. Therefore, the actions should be incorporated into the risk management process.
- 8.0 Other Standard References**
- 8.1 There are no direct Publicity, Financial, Consultation, Equality, Diversity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

**Appendices**

Appendix 1 – The Annual Governance Statement for 2018/2019

Appendix 2 – The Annual Governance Statement Action Plan for 2019/2020

**Background Papers**

Head of Internal Audit report for the year ended 31 March 2019.

## COLCHESTER BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

### Scope of responsibility

Colchester Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Council is also responsible for ensuring that any companies owned by the Council, and any jointly operated services, also have proper arrangements in place for the governance of their affairs.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on the Council website at [www.colchester.gov.uk](http://www.colchester.gov.uk) or can be obtained from Colchester Borough Council, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG.

This statement explains how the Council has complied with the code and meets the requirements of regulations 6(1)(a) and (b) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

### DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

#### The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled. Which in turn directs the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's governance framework has been in place during the year ended 31 March 2019 and up to the date of the approval of the annual accounts.

## Elements of the Framework

The framework consists of comprehensive processes that each ensure that the Authority complies with the principals of good governance. These include:

- **The Strategic Plan** – which identifies and communicates the Authority's vision of its purpose and intended outcomes for citizens and service users. This is supported by an action plan that is updated annually.
- **The Strategic Risk Register** – which reflects the objectives of the Strategic Plan and identifies the implications for the Council's governance arrangements.
- **The Constitution** - This is the fundamental basis of the Authority's governance arrangements and includes:
  - Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.
  - Reviewing and updating procedure rules, financial procedure rules, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken.
  - The Policy Framework which includes the documents relating to Corporate Governance including:
    - The Local Code of Corporate Governance.
    - A risk management strategy detailing processes and controls required to manage risks.
    - The Anti-Fraud and Corruption Policy
  - The Ethical Framework which includes documents relating to standards of conduct and good practice which include:
    - A code of conduct which defines the standards of behaviour for all Members.
    - Planning procedures Code of Practice
    - Protocol on Member/Officer Relations
    - Media Protocol
    - Monitoring Officer Protocol
    - Chief Finance Officer Protocol
    - Resources Protocol
    - A whistle blowing policy for receiving and investigating complaints from the public and staff.
    - Gifts and Hospitality Guidance
- **The Chief Finance Officer Protocol** sets out the responsibilities to conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2016).
- **The operation of a Governance and Audit Committee** which undertakes the core functions of an audit committee, as identified in CIPFA's document 'Audit Committees – Practical Guidance for Local Authorities'. It also acts as the 'client' committee scrutinising the performance of the Colchester Commercial (Holdings) Limited and its subsidiary companies.
- **The operation of a Scrutiny Panel** to ensure that the actions of the Cabinet accord with the policies and budget of the Council, monitor the financial performance of the Council, link spending proposals to the Council's policy priorities and review progress and to review decisions of the Cabinet via the call-in procedure.

- **A performance management system** for all officers that identifies key objectives and development needs.
- **A member training and development programme.**
- **A communications strategy** which establishes clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- **A partnership strategy** that ensures that the quality of the Council's partnerships are improved and that all partnerships, both current and proposed, add value.
- **Treasury management practices and policies**

The post of the Section 151 Officer for Colchester Borough Council was held permanently by the Strategic Finance Manager until February 2019, when they ceased working for the Council. An interim Section 151 Officer was appropriately appointed by full Council to fill the role for the remainder of the year. The arrangements in place ensured that the Council's financial management arrangements conformed with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2016).

## **DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:**

### **Review of effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates including the Local Government and Social Care Ombudsman, the Information Commissioner's Office, Equal Opportunities Commission, Lexcel, Investors In People, the Vehicle Inspectorate, DEFRA, East England Tourist Board and the Office of Surveillance Commissioners.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:

- **A robust Internal Audit function** where the planned work is based on identified key systems and risk areas. The Council's Internal Audit Service arrangements conform to the governance requirements and core responsibilities of the *CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2010)*
- **An embedded reporting system** for both internal and external audit issues that ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the Governance and Audit Committee.
- **A comprehensive risk management process** that ensures the key risks across the authority, both operational and strategic, are captured and reported to senior officers and Members.
- **The reports of the Chief Financial Officer** to Members and the senior management team including financial assessments of key projects and decisions.
- **Reporting of key performance issues** to the Scrutiny Panel.
- **A comprehensive budget monitoring process** that is reported monthly to senior managers.
- **A partnership register** that records the details of all the partnerships that the Council is involved in.

- **A defined Monitoring Officer role** which sets out responsibility for ensuring all decisions comply with statutory requirements and are lawful.

The significant control issues found during the review are highlighted in the table at the end of the statement. Whilst it is not considered a significant control issue it should be noted that for a proportion of the year the Local Plan Committee was chaired by a Council officer rather than a Council Member, as an agreement could not be reached over the who should be appointed. Whilst this is permitted, it is not good practice. This was resolved during the year and has not been repeated for the coming year.

## **Effectiveness of Other Organisations**

The Council owns six companies:

- Colchester Borough Homes (CBH) which was created in 2003,
- Colchester Community Stadium Limited (CCSL) created in 2007
- Colchester Commercial (Holdings) Limited (CCHL), and its three subsidiary companies –
- Colchester Amphora Trading Limited,
- Colchester Amphora Energy Limited and
- Colchester Amphora Housing Limited.

It also leads two joint (with other local authorities) services:

- Colchester & Ipswich Museums Service (CIMS)
- North Essex Parking Partnership (NEPP)

As these are limited companies there is no requirement for them to produce Governance Statements in this format. However, it is recognised by the Council, that it is essential for these companies to operate effective governance procedures to ensure appropriate and cost-effective service provision and protection of Council assets.

Whilst CBH is an 'arms-length' company it is still necessary for the Council to ensure that it operates effectively to ensure that it provides an effective and economical service to housing tenants and that the Council's asset, the housing stock, is adequately protected. CBH have produced their own annual governance review that has been shared with the Council. There were no significant control weakness identified during the year that are required to be included in this statement.

A review of the management arrangements for CCSL was carried out as part of the preparation of this statement. Whilst CCSL is an 'arms-length' company it is still necessary for the Council to ensure that it operates effectively to ensure that it can make the necessary loan repayments to the Council and that the Council's asset, the stadium, is adequately protected. There were no significant control weakness identified during the year that are required to be included in this statement.

The CCHL group was created to enable a more commercial approach to be taken to deliver revenue generating Council services and to develop innovative options for new services in the future, such as a heat exchange system for the Borough. Whilst the CCHL group are operating in a commercial environment, and therefore can take a different approach to service delivery they are still delivering services on the Council's behalf. Therefore, it is necessary to ensure that it operates effectively to deliver the best possible outcomes for the Council. This was the first year of operation of the companies and therefore some processes are still in development. During the review it was noted that



that there was some political crossover during the year, with a CBC Cabinet member chairing the CCHL board, but this has been resolved going forward. However, there were no significant control weaknesses that need to be included in this statement.

The Council is the lead partner in the Colchester & Ipswich joint museum service. Due to the nature of the arrangement, the joint museum service conducts its own annual governance review which includes an assessment of internal control. Therefore, it is not intended to include any details relating to this service within this statement.

The North Essex Parking Partnership was created on 1 April 2011, with the Council as the lead partner. The partnership conducts its own annual governance review which includes an assessment of internal control. Therefore, it is not intended to include any details relating to the service within this statement.

The Council has a comprehensive partnership strategy and maintains a detailed register of the partnerships that it participates in. The strategy defines what a partnership is and details the governance arrangements that should be in place for all partnerships, both present and new. It also provides a mechanism for improving the effectiveness of the partnerships.

### **Internal Audit Opinion**

From the work undertaken in 2018/19, Internal Audit has provided satisfactory assurance that the system of internal control that has been in place at the Council for the year ended 31 March 2019 accords with proper practice. This is excepting any details of significant internal control issues as documented hereafter. It is also the opinion of Internal Audit that the Council's corporate governance framework complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE.

### **Review of Actions from 2017/18 Statement**

There were four actions included in the Annual Governance Statement for 2017/18:

- Security of Premises / Information
- Contract Management
- Project Management
- Financial Management

Further work has been undertaken to strengthen building security and the additional arrangements for the main office building are working well. There have been additional IT security tests undertaken during the year and targeted additional training and awareness activity has been carried out.

Contract management arrangements are being embedded, and the procurement team has been strengthened with the transfer of a part time member of staff from the external procurement hub into the Council, on a full-time basis. However, it is felt that there needs to be further promotion of the contract procedure rules.

An extensive training programme for project management has been delivered during the year and the governance process is embedded into projects. There still needs to be some development of post-implementation process.

There have been changes in senior officers in the Finance team during the year, however the financial management processes have been strengthened and training has been delivered to relevant officers.

## Conclusion & Significant Governance Issues

Overall the control arrangements in place during the 2018/19 financial year have been effective and were appropriate. However, the review has identified some areas where actions are required to ensure that the authority continues to provide appropriate and cost-effective services. The issues and action plans are shown in the table below. These will be monitored and reviewed via the Internal Audit review process during 2019/20

No.	Issue	Action
1.	<p><b>Data Protection</b></p> <p>During the governance review it was noted that, whilst there were no reportable data breaches during the year, there still needs to be some strengthening of the controls around the protection of data and use of personal information, including respecting individuals' rights and access arrangements.</p>	<p>A comprehensive framework of data protection actions will be delivered during 2019/20 including:</p> <ul style="list-style-type: none"> <li>• Compiling a complete register of Information Assets and Data Flows.</li> <li>• Delivery of Data Protection refresher training</li> <li>• Strengthening of data retention policies.</li> <li>• Reviewing data actions in the procurement process</li> <li>• Reviewing compliance of privacy impact assessments.</li> <li>• Implement security measures as agreed by SMT.</li> <li>• Conducting data protection audits at remote sites and ensuring recommendations are embedded and are effective.</li> </ul>
2.	<p><b>Project Management</b></p> <p>Whilst the project management processes have continued to be embedded, and a robust framework exists, which is beginning to demonstrate good management during the project initiation and implementation phases, there is still some improvement required to the post implementation stage. It should be ensured that there is a robust post-implementation review process that includes an honest assessment of what worked well and what didn't, monitoring and reporting of delivery against performance indicators, and knowledge sharing for future projects.</p>	<p>Cabinet agreed in January 2019 to review governance processes and programme reporting for all CBC transformation activity to provide greater oversight, strengthen programme management (pre- and post-implementation) and coordinate resources across Policy and Corporate and other services. A new Corporate Programmes and Projects SharePoint site, SMT governance and training will be established.</p>

No.	Issue	Action
3.	<p><b>Long Term Decision Making</b></p> <p>Senior officers, and Members, recognised that the closeness of the political balance during the year had had an impact on longer term decision making, with the focus being on more reactive and shorter-term goals. This has caused some constraints on resources and officer ability to respond.</p>	<p>Working relationships between SMT and Cabinet members continue to be strengthened through informal meetings, member training, awareness raising and Portfolio briefings on key internal and external factors, demographics, legislation, policy development and trends affecting the Council. Refresher training on Members' code of conduct to be provided to all Members. Officers are supporting the administration to ensure political priorities are aligned with the three year Strategic Plan and MTFF issues.</p>
4.	<p><b>Finance System</b></p> <p>The internal audit IT review of one of the financial systems highlighted a significant number of control weaknesses. Including licensing of the system, backup of data, disaster recovery plans and service level agreements with the supplier.</p>	<p>The current Finance system is scheduled to be upgraded by end of financial year 19/20. The contract is in place and initial technical work has been completed. The new version of the software will be implemented alongside an updated contract with SLAs, a review of process and is expected to resolve the significant control weaknesses identified. ICT and Finance see this new system implementation as a critical priority in this financial year</p>

We have been advised on the implications of the result of the review of the effectiveness of the governance framework, by the Governance and Audit Committee, and we propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:**

.....  
Leader of the Council

.....  
Chief Executive

on behalf of Colchester Borough Council

Page 7 of 7



**DRAFT**  
**Colchester Borough Council**  
**Annual Governance Statement – Action Plan for 2019/20**

**Significant Internal Control Issues – Relating to 2018/19 Financial Year**

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
1.	<p><b>Data Protection</b>  During the governance review it was noted that, whilst there were no reportable data breaches during the year, there still needs to be some strengthening of the controls around the protection of data and use of personal information, including respecting individuals' rights and access arrangements.</p>	<p>Compile a complete register of Information Assets and Data Flows.</p> <p>Develop and deliver refresher data protection training to the whole organisation.</p> <p>Apply retention policy to all information assets, including corporate email.</p> <p>Introduce standard supplier controls covering contract clauses and procurement processes to manage information governance activities.</p> <p>Implement processes for managing privacy impact assessments which is compliant with GDPR requirements.</p> <p>Implement security measures as agreed by SMT.</p> <p>Conduct data protection audits at remote sites, e.g. leisure world, shrub end, museums etc.</p>	31/03/20	Information Services Manager	Review of previous actions, Internal Audit & ICT testing.

## Appendix 2

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
2.	<b>Project Management</b> Whilst the project management processes have continued to be embedded and a robust framework exists, which is beginning to demonstrate good management during the project initiation and implementation phases, there is still some improvement required to the post implementation stage. It should be ensured that there is a robust post-implementation review process that includes an honest assessment of what worked well and what didn't, monitoring and reporting of delivery against performance indicators, and knowledge sharing for future projects.	Cabinet agreed in January 2019 to review governance processes and programme reporting for all CBC transformation activity to provide greater oversight, strengthen programme management (pre- and post-implementation) and coordinate resources across Policy and Corporate and other services. A new Corporate Programmes and Projects Sharepoint site, SMT governance and training will be established.	30/09/19	Strategic People & Performance Manager	Review of previous actions and review of processes.

## Appendix 2

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
3.	<b>Long Term Decision Making</b> Senior officers, and Members, recognised that the closeness of the political balance during the year had had an impact on longer term decision making, with the focus being on more reactive and shorter-term goals. This has caused some constraints on resources and officer ability to respond.	Working relationships between SMT and Cabinet members continue to be strengthened through informal meetings, member training, awareness raising and Portfolio briefings on key internal and external factors, demographics, legislation, policy development and trends affecting the Council. Refresher training on Members' code of conduct to be provided to all Members. Officers are supporting the administration to ensure political priorities are aligned with the three year Strategic Plan and MTFF issues.	31/03/20	Chief Operating Officer	Governance review process
4.	<b>Finance System</b> The internal audit IT review of one of the financial systems highlighted a significant number of control weaknesses. Including licensing of the system, backup of data, disaster recovery plans and service level agreements with the supplier.	The current Finance system is scheduled to be upgraded by end of financial year 19/20. The contract is in place and initial technical work has been completed. The new version of the software will be implemented alongside an updated contract with SLAs, a review of process and is expected to resolve the significant control weaknesses identified. ICT and Finance see this new system implementation as a critical priority in this financial year	31/03/20	Strategic ICT Manager & Finance Manager (Technical)	Internal audit process





## Governance and Audit Committee

Item  
**13**

25 June 2019

<b>Report of</b>	<b>Assistant Director of Policy and Corporate</b>	<b>Author</b>	<b>Zoe Gentry</b> ☎ 506055
<b>Title</b>	<b>Work Programme 2019-20</b>		
<b>Wards affected</b>	Not applicable		

### 1. Executive Summary

- 1.1 This report sets out the current Work Programme 2019-2020 for the Governance and Audit Committee. This provides details of the reports that are scheduled for each meeting during the municipal year.

### 2. Recommended Decision

- 2.1 The Committee is asked to note the contents Committee's Work Programme for 2019-20.

### 3. Alternative Options

- 3.1 This function forms part of the Committee's Terms of Reference and, as such, no alternative options are presented.

### 4. Background Information

- 4.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.
- 4.2 The Committee's work programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each meeting the opportunity is taken for the work programme to be reviewed and, if necessary, amended according to current circumstances.

### 5. Standard References

- 5.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

### 6. Strategic Plan References

- 6.1 Governance is integral to the delivery of the Strategic Plan's priorities and direction for the Borough as set out under the four themes of growth, responsibility, opportunity and wellbeing.
- 6.2 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

## **WORK PROGRAMME 2019-20**

<b>Governance and Audit Commit</b>
<b>Meeting date / Agenda items -</b>
Governance and Audit Committee - <b>25 June 2019</b> <b><u>Reports to be received by 14 June 2019</u></b>
Governance and Audit Committee briefing – <b>18 June 2019 6.30pm</b>
<ol style="list-style-type: none"> <li>1. Draft Annual Statement of Accounts 2018/19</li> <li>2. Year End Internal Audit Assurance Report 2018/19</li> <li>3. Review of the Governance Framework and Draft Annual Governance Statement</li> <li>4. Committee on Standards in Public Life Consultation on Local Government Ethical Standards Response</li> <li>5. Polling District and Polling Place Review</li> <li>6. CCHL – Annual report</li> </ol>
Governance and Audit Committee - <b>30 July 2019</b> <b><u>Reports to be received by 19 July 2019</u></b>
Governance and Audit Committee briefing – <b>23 July 2019 5.30pm</b>
<ol style="list-style-type: none"> <li>1. Audited Statement of Accounts 2018/19 and Annual Audit letter</li> <li>2. 2018/19 Year End Review of Risk Management</li> </ol>
Governance and Audit Committee - <b>3 September 2019</b> <b><u>Reports to be received by 23 August 2019</u></b>
Governance and Audit Committee briefing – <b>27 August 2019 5.30pm</b>
<ol style="list-style-type: none"> <li>1. Colchester Borough Homes Annual Report and Governance Statement</li> <li>2. Financial Monitoring Report – April to June 2019</li> <li>3. Capital Expenditure Monitor 2019/20</li> <li>4. Treasury Management 18/19 Report</li> </ol>
Governance and Audit Committee - <b>29 October 2019</b> <b><u>Reports to be received by 18 October 2019</u></b>
Governance and Audit Committee briefing – <b>21 October 2019 5.30pm</b>

<ol style="list-style-type: none"> <li>1. Local Government and Social Care Ombudsman Annual Review 2018/19</li> <li>2. Health and Safety Policy and Annual Report</li> <li>3. Equality and Safeguarding Annual Update</li> </ol>
<p>Governance and Audit Committee – <b>26 November 2019</b>  <b><u>Reports to be received by 15 November</u></b></p>
<p>Governance and Audit Committee Briefing –<b>19 November 2019 5.30pm</b></p>
<p>-</p> <ol style="list-style-type: none"> <li>1. Review of the Council’s Ethical Governance Policies</li> <li>2. Annual Review of the Members’ Code of Conduct and the Council’s Localism Act “Arrangements”</li> <li>3. Review of Local Code of Corporate Governance</li> <li>4. Review of Member/Officer Protocol</li> <li>5. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees</li> <li>6. Treasury Management – Half Yearly Update</li> <li>7. Annual Review of Business Continuity</li> </ol>
<p>Governance and Audit Committee - <b>21 January 2020</b>  <b><u>Reports to be received by 10 January 2020</u></b></p>
<p>Governance and Audit Committee briefing – <b>14 January 2020 5.30pm</b></p>
<ol style="list-style-type: none"> <li>1. Certification of Claims and Returns – Annual Report 2018/19</li> <li>2. Interim Review of the Annual Governance Statement Action Plan</li> <li>3. Risk Management Progress Report</li> <li>4. Mid-Year Internal Audit Assurance Report 2019/20</li> <li>5. CCHL Half-Year Performance Report</li> <li>6. Annual Review of the Council’s Companies’ Business Plans</li> </ol>
<p>Governance and Audit Committee - <b>10 March 2020</b>  <b><u>Reports to be received by 28 February 2020</u></b></p>
<p>Governance and Audit Committee briefing – <b>3 March 2020 5.30pm</b></p>
<ol style="list-style-type: none"> <li>1. External Audit Plan for year ending 31 March 2020</li> <li>2. Financial Monitoring Report</li> <li>3. Capital Expenditure Monitor 2019/20</li> <li>4. Internal Audit Plan 2020/21</li> </ol>

