

# GOVERNANCE AND AUDIT COMMITTEE

## 3 September 2019

*Present:-* Councillor Nick Barlow, Councillor Paul Dundas,  
Councillor Mark Goacher, Councillor Sam McCarthy,  
Councillor Chris Pearson, Councillor Dennis Willetts,  
Councillor Barbara Wood

*Also Present: -* Councillor Dave Harris, Councillor David King

### 166. Minutes of Previous Meetings

*RESOLVED* that the minutes of the meetings held on 25 June 2019 and 30 July 2019 be approved as correct records.

### 167. Colchester Borough Homes (CBH) Annual Report and Governance Statement

Glenn Houchell, CBH Board Member and Chair of CBH Finance and Audit Committee, and Matt Armstrong, CBH Director of Business Improvement, introduced the Company's Annual Report and the Annual Governance Statement, as agreed by the CBH Board. They further covered developments in governance of the Company which have occurred following the end of the 2018-19 financial year. These included the appointment of a new Chair, Dirk Paterson, to succeed the retiring Chair. Glenn Houchell was also coming to the end of his term on the Company's Board and would be succeeded by Karen Smout, with Julie Parker moving from Vice Chair to Chair of the Finance and Audit Committee. Julie Parker's experience was detailed, including as a non-executive director of the East Suffolk and North Essex NHS Foundation Trust and as a member of the Joint Audit Committee of the Police and Crime Commissioner and Essex Police.

The Committee were informed of CBH's work to increase its commercial operations and to implement and embed an overhauled risk management process. Work also continued to maintain the Company's accreditations, such as Investors in People (Gold) and the BSI 18001 health and safety accreditation. The importance of maintaining this 'gold standard' of health and safety accreditation was stressed.

The Committee requested information on the approach and actions of CBH regarding fire safety and risk following the Grenfell Tower fire. The Chair of the Finance and Audit Committee gave assurance that the Board, holding liability for health and safety issues, provided close and ongoing oversight in this area. Fire safety risk assessments had been proactively carried out by the Company across the Council's stock of residential blocks. The Council owned no blocks higher than three storeys, and no properties which were clad with materials of the type found at Grenfell. Potential future legislation regarding fire safety is being monitored and safety plans are in place.

A Committee member requested further clarification as to where liability lay, regarding fire

safety and health and safety issues in general, given that the Council owned the stock managed by CBH. A supplementary question was also asked as to whether the governance arrangements at CBH and the Council closely linked to cover all eventualities. The Committee was told that liability depended upon the specific issue. The CBH Board retained liability for the Company's effective compliance with health and safety regulations, under company law. There was potential liability for the Council, however, should CBH, as a management company, raise serious health and safety concerns with the Council (as landlord) regarding its stock, but have requests for mitigatory action turned down, leading to a serious incident. It was explained that the Management Agreement between the Council and CBH laid out the interlocking governance arrangements between the two. Whilst liability for health and safety could not be delegated, it was possible to delegate work to address and mitigate health and safety risks.

The Committee sought clarification as to where liabilities would specifically lie within the Council, should an incident occur for which the Council was liable and what responsibilities lay with Portfolio Holders, the Cabinet and Full Council as a whole. Dan Gascoyne committed to confirm and provide details on this to Committee members.

A Committee member requested clarity as to whether CBH or the Council had responsibility for ensuring the removal of household waste from CBH-managed Council-owned blocks of flats. The answer given was that CBH managed the properties and tenant behaviours, whilst the Council had responsibility for collecting waste from the communal waste collection areas. CBH could and did assist in providing advice to residents regarding waste collection, and to raise problems for residents with the Council.

Assurance was given by the Director of Business Improvement that the actions listed within the Annual Governance Statement were already being carried out and that confidence was held that they would be completed within the timescales set out. The new Risk Management process was already in place and around half the actions within the Board Effectiveness Review action plan had been completed. The Business Continuity Plan has not yet been tested but had been called into use on a number of occasions to mitigate the effects of ICT systems failure, and a test has now been scheduled. Procurement training has been carried out.

The Committee thanked the CBH Chair of Finance and Audit Committee and the Director of Business Improvement for attending and noted that the Committee's experience in examining the governance arrangements of the different wholly-owned companies of the Council gave them a good background to see that CBH's governance performance had been strong during 2018-19.

*RESOLVED* that: -

- (a) The Committee had considered and commented on the Governance Assurance Statement of Colchester Borough Homes.
- (b) The Committee accepted the assurance provided by Colchester Borough Homes regarding its governance arrangements throughout 2018/19.

## **168. Polling Districts and Polling Places Review**

The review was presented by Jason Granger, Customer Solutions Manager, and James Bennett, Senior Electoral Services Officer. The Customer Solutions manager introduced the

principles and requirement for the review, and explained his role, and that of the Electoral Services Team.

Councillor Dave Harris attended and with the consent of the Chairman addressed the Committee to thank officers for their work and comment on the proposals resulting from the review. The need to ensure that all voters had access to polling stations and that access was as easy as possible was stressed, along with a request that, so far as was possible, the placing of polling stations outside the district they served should be avoided, if at all possible.

Councillor Harris supported the proposed change of polling station for polling district BF (Shrub End), as the proposed site would be safer for residents voting, regarding its position in relation to the road. The Councillor raised an element of concern that the proposed polling station for BE (Rainsborowe Road), proposed to be at the Shrub End Community & Sports Centre) was to the North of the area it would serve, and would entail a long journey for some residents wishing to vote. He suggested that the current BE polling district be split in two, and an additional polling station be located, for the new additional polling district, at the old local community gym. This would be for use by the residents of the streets to the South of Abbey Field and would make voting easier, especially for those with limited mobility. It was confirmed that it would be relatively simple to create a new polling district, but that any additional districts proposed would need to be approved by the Governance and Audit Committee.

The proposed change to the arrangements for polling district AB (Willows and Monkwick) was raised. Councillor Harris raised issues which had come to his attention regarding difficulties reported to him regarding residents voting in the 2019 European Parliamentary Elections at the interim polling station, sited at Abbots Community Hall. These included complaints that the station was difficult to reach by some voters with limited mobility. Alternative options were given, such as the Ormiston Centre, who would be willing to have a portacabin temporarily sited on their site, and Monkwick Junior School's recently-built new block, which is separated from the main school buildings, mitigating safeguarding concerns regarding its possible use as a polling station. The proposed use of Thomas Lord Audley School was questioned, with concerns cited regarding the difficulty of access to the Gym, via a step, for those with limited mobility. A third alternative site proposed by the Councillor was the St Margaret's Church, Stansted Road.

The Chair confirmed that the Committee and officers had discussed the importance of polling stations meeting the needs of all residents and to avoid, wherever possible, the siting of stations outside the boundaries of the polling districts that they served. It was also confirmed that the Abbots Community Hall would only be available as a polling station up to the day before the next scheduled local elections, in May 2020. The Customer Solutions Manager informed the Committee that the comments and discussions previously made and held by the Committee regarding the importance of siting, when possible, polling stations within their polling districts had been considered and agreed with. The Council was committed to obtaining use of either Thomas Lord Audley or the Ormiston Centre. Officers had now been able to commence talks with the Paxman Academy regarding its potential use as polling station for district BF (Shrub End) and efforts are being made to further a constructive relationship with the Academy. Likewise, efforts were being made to look at the potential for using the former Garrison Gym.

A Committee member highlighted the busy nature of the polling station sited at Stanway Village Hall, and the expectation that future residential developments in the area would

make it busier still. The view was given that use of the Hall for district GL (West Stanway) was manageable in the short term, but that a long-term alternative would ease the pressure on the site. The Senior Electoral Services Officer explained that St Albright's Church had been considered as an alternative but had not yet been approached, and that alternatives suggested to Stanway Village Hall would be explored for the long term.

The Committee enquired as to what plans were in place, should a general election polling day be set for a day other than a Thursday. The Committee was informed that plans had been put in place and communications with venues would be necessary to ensure that they are informed of the ramifications stemming from a polling day being set for a day of the week other than Thursday. Polling stations would be confirmed as soon as possible, following any confirmation of a general election polling day date.

The Committee considered the need to minimise average journey distances to polling stations and it was considered that flexibility in siting polling stations was necessary, especially in rural wards where distances of journeys were often greater. Officers informed the Committee that the Council's online CMAPS software could be used to help measure journey distances between any part of a polling district and its polling station. A member of the Committee requested whether it was possible for links to CMAPS to be included within future reports of this type, to allow members easy access to the function.

*RESOLVED* that the CUSTOMER SOLUTIONS MANAGER ensure that the Governance and Audit Committee receive a future update and opportunity to review the arrangements for polling stations, to occur prior to the arrangements being confirmed for polling station placements for the 2020 Colchester Borough Council elections.

*RECOMMENDED* to FULL COUNCIL that it approves and adopts Appendix A – Proposed schedule of Polling Districts and Polling Places, with the proviso that the Governance and Audit Committee will further review polling station arrangements before the 2020 Colchester Borough Council elections.

## **169. Financial Monitoring Report – April to June 2019**

The report covering the first quarter of 2019-20 was presented by Paul Cook, Section 151 Officer and Council Interim Head of Finance, and Councillor King, Portfolio Holder for Business and Resources. It was stressed that it was difficult to make predictions at this early stage of the financial year, but that a £343k General Fund overspend by year end was expected. Conversely, an underspend for the Housing Revenue Account (HRA) had been noted as £346k, and that it was expected that this would be on-budget at year end. The main contributory factors to the current position were explained, including the use of reserves to meet the redundancy costs incurred within the Neighbourhood Teams, and the costs relating to work on the River Colne lease and derelict boat removal. The main points within the appendices were covered and explained.

In response to questions on Licensing and Food Safety (Appendix C), the Head of Finance agreed to find information relating to costs relating to vet fees and circulate this to the Committee's members.

Questions were raised regarding the references to vacancy factor targets within Appendix C, and whether the annual budget setting approach should change to incorporate targets for vacancy factor savings within it, effectively budgeting for what could be afforded, as opposed to budgeting for what was deemed necessary. Detail was requested as to whether

vacancy factor targets were set for each department individually. The Head of Finance explained that it was not unusual for vacancy targets to be set, but that it had been deemed unreasonable to set these for each individual service area, leading to a general vacancy factor target set across the Council as a whole, which aims to predict the likely underspend on staffing, caused by temporary vacancies of roles which are being recruited to. The Head of Finance offered to include details on the vacancy factors, their total size, and targets within the next scheduled Financial Monitoring Report due to be considered by the Committee.

A Committee member sought greater detail regarding government grants, and whether these were added up and included within the Council's overall budget position. It was confirmed that any grants confirmed by the time that the budget is prepared would be included within the budget. It was not uncommon for certain grants, such as those from the Department of Work and Pensions, to be granted with limited notice periods. The Portfolio Holder for Business and Resources gave an overview of the difficult funding situation faced by the Council and other local authorities. Clarity was a priority regarding openness on revenue sources and government funding. The Council has been successful over recent years in obtaining government grant funding, especially for use in infrastructure works.

The shortfall in market and street trading was scrutinised and detail was requested as to what actions were being taken to increase fee income and market activity. The Portfolio Holder for Business and Resources briefed the Committee on the situation and attempts made to improve market income and the positive effect to the Town's vibrancy. Rolling conversations were being held with traders to seek their views, and options had been examined, such as giving a wider choice of stall locations, use of traders' own stalls (if they were deemed safe), special offers, changed rates and consultation on additional market days. Dan Gascoyne, Chief Operating Officer, committed to circulate a copy of the recent decision made by the Portfolio Holder to approve the use of these options.

The Committee asked whether redundancy costs and the £175k overspend on salary within Neighbourhood Services had been specific to this financial period, whether the overspend would be ongoing and if this was due to overstaffing. The Portfolio Holder for Business and Resources explained that this had been a result of the unanticipated cost of temporary cover being provided for vacant roles.

The £2,000 Garden Communities spend listed in Appendix A was questioned. It was explained that this was a residual legal cost which will be transferred to the appropriate reserve account in the near future.

*RESOLVED* that the Committee had considered the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first three months of 2019/20 and noted the forecast budget overspend of £343k on the General Fund.

#### **170. Update on approved capital programme 2019/20**

The 151 Officer and Interim Head of Finance presented the report and explained the new, condensed format for this report which covered the first quarter of the current financial year. A summary was provided within the report to show the re-profiling of the capital programme. Some project spending had been deferred until 2020-21. This had led to a revision of the definition of the 'Amber' RAG status within the Scheme Status found at Appendix A. Amber-ratings were also now used for project elements where reprofiling had been carried out, not just applied to items which were at risk of falling behind or missing

targets. The items graded Amber or Red in Appendix A were then detailed.

**Disabled Facilities Grants (DFGs):** A new manager and increased team size had been brought in to better utilise the government funding allocated, improve IT support and work to better-address non-DFG work within the team. More detail could be given within the next capital programme update. A member of the Committee welcomed this and noted that there had been previous years when the entire funding for DFG work had been used before year end, which had caused problems, and sounded concern that the Council was not now spending the full grant in a year. The Interim Head of Finance gave assurance that the Council was working closely with the County Council to ensure they carried out assessments promptly, that carry forwards of grant money were possible, but that the Council did aim to fully use grant money within the year for which it was granted. More surveyors were engaged, and extra administrative/IT support was now available. The Portfolio Holder for Business and Resources gave assurance that the Council was committed to set a project plan which would ensure no resourcing issues were encountered.

**Shrub End Depot:** The position has now improved, and a phased approach would now be used to deal with issues, at a projected cost of £700k-£800k. Progress had hastened on this project. It was confirmed that a previous project and proposed capital financing relating to the Depot, and potential transfer of services to a different site, was not now part of the process currently going forward. There would not now be a move of services away from the site and the existing facilities would be improved instead.

**Lending to new Council Housing Company and to CAEL (Colchester Amphora Energy Ltd):** It was explained that, owing to technical delays, these would be more realistic to profile in 2020/21, and an explanation was given as to why they had been listed this way, with the spending definitely to occur, but with an element of uncertainty as to in which financial year this would happen.

**Colchester Northern Gateway (North) – Sports Hub:** This had been rated as Amber due to the phasing, and to the spend listed for 2019/20.

**Town Centre:** It was expected that the full allocation of £500k for 2019/20 will not be spent in the year, and that there will be a carry over into 2020/21.

**New Build on Garage Sites:** This had been slightly delayed in the profiling. It was thought that some of the allocation would be used on the Mill Road development.

*RESOLVED* that the Committee had reviewed progress on the 2019/20 capital programme.

## **171. Work Programme 2019-20**

*RESOLVED* that the Work Programme 2019-20 be approved.

## **172. Treasury Management Strategy (TMS) – Annual Review 2018/19**

The Interim Head of Finance presented the report and laid out the different stages of reporting on Treasury Management during the course of each financial year. This report constituted the third part of the annual process, where the Committee was asked to review performance for the previous financial year, 2018/19. The report had been prepared and laid out to show the standard indicators recommended by CIPFA.

It was highlighted that, in comparison to other local authorities with retained housing stock, the Council had a reasonable level of borrowing. Underspend on the capital programme had resulted in a reduction in new borrowing and the Council had not gone close to the maximum borrowing limit. It was explained that no decisions had been taken to exceed borrowing limits for any of the maturity bands, but that the progress of time had taken certain borrowing from one band into another, leading to a slight exceeding of the limit for borrowing of a two to five-year maturity (15.6% recorded compared to 15% limit).

It was confirmed that all investments were made according to Council policy, and that the rate of return had slightly improved upon the previous financial year.

The Committee discussed the duplication of this report coming to both this Committee and to the Scrutiny Panel, with the view that this Committee concentrated on the process and adherence to rules in treasury management, with the Scrutiny Panel concerned more with monitoring actual performance and figures. The Chair confirmed that he had suggested that he meet with the Chair of the Scrutiny Panel, and officers, to discuss and decide how treasury management is monitored by the respective bodies in the future. The Portfolio Holder for Business and Resources welcomed this and informed members that the Cabinet were examining ways to more-effectively inform them of treasury management and financial matters so that all members can discuss these and compare the Council's performance to that of other local authorities. The increased level of detail in this report was an example of this.

*RESOLVED* that the Committee had: -

- (a) Considered the TMS Annual Review 2018/19;
- (b) Noted that the Council operated in accord and are within the boundaries of the TMS prudential indicators set for 2018/19 and;
- (c) Noted the satisfactory performance of Link Asset Services.