

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ**

Tuesday, 19 September 2017 at 19:00

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

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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, 19 September 2017 at 19:00

Member:

Councillor Nick Barlow
Councillor Dave Harris
Councillor Peter Chillingworth
Councillor Dominic Graham
Councillor Fiona Maclean
Councillor Dennis Willetts

Chairman
Deputy Chairman

Substitutes:

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

AGENDA - Part A
(open to the public including the press)

Members of the public may wish to note that Agenda items 1 to 5 are normally brief.

1 Welcome and Announcements

- a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.
- (b) At the Chairman's discretion, to announce information on:
 - action in the event of an emergency;
 - mobile phones switched to silent;
 - the audio-recording of meetings;
 - location of toilets;
 - introduction of members of the meeting.

2 Substitutions

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

3 Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent, to give reasons for the urgency and to indicate where in the order of business the item will be considered.

4 **Declarations of Interest**

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish to note the following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgement of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

5 **Minutes**

9 - 14

To confirm as a correct record the minutes of the meeting held on 25 July 2017.

6 **Have Your Say!**

a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter relating to the terms of reference of the Committee/Panel not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter relating to

the terms of reference of the Committee/Panel not on this agenda.

- | | | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 7 | Complaint in relation to Councillor Lilley
See report of Monitoring Officer | 15 - 20 |
| 8 | Local Government & Social care Ombudsman – Annual Review 2016/2017
See report of Monitoring Officer | 21 - 26 |
| 9 | Annual Statement of Accounts 2016/17
See report of Assistant Director (Policy & Corporate) | 27 - 28 |
| 10 | Financial Monitoring Report
See report of Assistant Director (Policy and Corporate). | 29 - 40 |
| 11 | Capital Expenditure Monitor 2017/18
See report of Assistant Director (Policy and Corporate) | 41 - 52 |
| 12 | Work Programme 2017-18
See report of Assistant Director (Policy & Corporate) | 53 - 56 |
| 13 | Exclusion of the Public (not Scrutiny or Executive)
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). | |

Part B

(not open to the public including the press)

GOVERNANCE AND AUDIT COMMITTEE

25 JULY 2017

Present:- Councillor Barlow (Chair), Councillor Chillingworth,
Councillor Graham, Councillor Harris, Councillor F
Macleane, Councillor Willetts

Also Present: - Councillor Buston

62. Minutes

RESOLVED that the minutes of the meeting held 25 June 2017 were confirmed as a correct record.

63. Annual Statement of Accounts

Councillor Harris, declared a non-pecuniary interest (in respect of being a Member of Essex County Council) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).

Steve Heath, Finance Manager, introduced the Annual Statement of Accounts report. The report requests that the Committee accept the audit results report for the year ending 31 March 2017, notes the comments in the covering report and approves the letter of representation and the audited statement of accounts.

Kevin Suter, Ernst and Young, presented the report to the Committee, which outlined the results of the audit of the 2016/17 statement of accounts. Kevin Suter reminded members that the original plan was brought to the Committee in March, which included the possible risks, and this report provides the key conclusions from the audit. The two responsibilities of the auditors are to provide an opinion on the statement of accounts, as well as to draw a conclusion on the arrangements for value for money.

With regard to the findings from the statement of accounts, Kevin Suter stated that at the time of the report there had been limited areas of testing that were still outstanding, however these have now been completed, and the intention is for the Statement of Accounts to be signed at the end of the meeting. Kevin Suter provided the Committee with a summary of the report including information about the fraud and revenue recognition, and confirmed that there were no issues to draw to attention. Kevin Suter also confirmed that no issues were found in the risk of management override. With regard to the presentation of the financial statements, no material misstatements were identified, but there was a requirement to restate certain figures. This was corrected using the new Expenditure and Funding Analysis note.

Kevin Suter informed the Committee that the valuation techniques used were reasonable and within the appropriate benchmarks. With regard to Pensions valuation, Kevin Suter

highlighted that the assumptions used by the pension fund actuary were considered to be at the optimistic end of the range for the discount rate and RPI inflation.

Kevin Suter confirmed that the auditors would be intending to apply an unqualified opinion on the financial statements. Kevin Suter also commented on a finding within the report regarding the change of payroll systems and the issue of document retention for the purpose of the audit.

The Committee welcomed the report from the auditors. The Committee raised a number of questions regarding the pension fund estimations. Kevin Suter confirmed that this comment would be reflected in reports to other local authorities in Essex. Kevin Suter confirmed that there are no non-standard issues with regard to the Pension Fund and that the estimation was deemed to be towards the top of an acceptable range, which means that it is materially correct. The process under which a valuation is devised would be managed by Essex County Council who would be audited and the actuary would also need to adhere to standards.

In response to a further question about the level of risk associated to the pension fund deficit, Kevin Suter stated that the Statement of Accounts provides a material reflection of the liabilities of the risks to the Council. Funding of the Pension Fund is undertaken on a tri-annual basis, with contribution rates agreed and built in to the budget setting process. Kevin Suter confirmed to Committee members that there are controls in place to assess the funding and duration of liabilities and that the risk to the Council is appropriately managed, particularly given the lifetime of the funding. The Chairman of the Committee suggested that further information about the Pension Fund could be brought to the Committee in future.

Kevin Suter also confirmed, in response to a query, that the Council and the auditors have a good dialogue to ensure that the recommendations are dealt with in a timely manner. Kevin Suter thanked Colchester Borough Council Officers for their assistance in this process.

With regard to the Council's arrangements for value for money, Kevin Suter confirmed that the Council's key plans were appropriately supported and reported an unqualified conclusion for the arrangements to implement value for money. Two risks were identified, the first of which was the savings required over the medium term, however based on the Council's record it was deemed that there are adequate arrangements for this. The second risk is related to the governance and accounting arrangements for the establishment of the Essex Garden Communities project. Kevin Suter confirmed that the actions taken so far are soundly based, and recommendations from the peer review have been responded to positively and in a timely manner. Kevin Suter informed the Committee that given the early stages of the project this would be something that the auditors would keep an eye on. The Committee Chairman, suggested that this may be an item the Governance and Audit Committee wish to look at in future.

Following further queries regarding Garden Communities, Kevin Suter explained that whilst there is not a similarly sized comparative body to take best practice from, in relation to the Governance, there is a lot of experience on how Councils have undertaken commercial style projects or significant decisions that could be used. Kevin Suter also confirmed that the Council has taken advice on the structure of the company and therefore from an audit perspective, happy with the arrangements in place. Kevin Suter also confirmed that the same risk and findings was also included within Braintree District Council and Tendring District Council audit reports.

A member of the Committee questioned whether the auditors were confident that the Council could continue to identify efficiencies to reduce the budget gap. Kevin Suter stated that it is harder to find efficiencies over a longer time, however the arrangements in place are soundly based. The pressure on budgets and budget gaps is seen across other authorities in Essex.

Kevin Suter brought to the attention of the Committee that the auditors remain independent of the Council. In addition, Kevin Suter also highlighted the small increase in fee, which has been agreed with the finance team. This is in relation to the payroll migration issues and additional work on the statement of accounts.

RESOLVED that;

- a) Audit results report for the year ending 31 March 2017 be accepted
- b) The comments in the covering report be noted
- c) The letter of representation be approved
- d) Audited statement of accounts be approved.

64. Colchester Borough Homes Annual Report and Governance Statement

Michael Hadjimichael, Director of Resources, Colchester Borough Homes, and Glenn Houchell, Chairman Colchester Borough Homes Finance and Audit Committee attended the meeting to present the Colchester Borough Homes (CBH) Annual Report and Governance Statement. The report requests that the Committee considers and comments on the Governance Assurance Statement of Colchester Borough Homes, and accepts the assurance provided by CBH regarding its governance arrangements throughout 2016/17.

Glenn Houchell, who was appointed Chairman of the Finance and Audit Committee at the turn of the year provided members with background information about the Committee. Glenn Houchell highlighted the level of detail that the Finance and Audit Committee receive and discuss and confirmed that Colchester Borough Homes are looking to further develop the risk management programme.

Michael Hadjimichael confirmed that the report had been approved by both the CBH Finance and Audit Committee and the CBH Board. The key highlights in the report include the reappointment of Mazars as internal auditors and the approval of a risk led plan by the Finance and Audit Committee. Michael Hadjimichael also noted that he was pleased that the future audit would be focusing on risk.

Since the previous years audit, work has been carried out to improve the disaster recovery ability of CBH; two tests took place during the year, alongside a renewed business continuity plan. Colchester Borough Homes have been working closely with Colchester Borough Council to further develop disaster recovery.

During 2016/17, Internal Audit identified two areas of limited assurance. This included recommendations on improving the timing of insurance renewals; as a result of which the 2017/18 renewals process has commenced earlier in the year. The other area of limited assurance was with regards to payroll. Whilst this sits with Colchester Borough Council, CBH worked with colleagues at CBC to ensure that an appropriate control framework is in place during transition. Ann Hedges highlighted that the new payroll system, which will be fully operational by September, would allow for greater flexibility in retrieving valuable

information for managers. It was also confirmed that Colchester Borough Homes had received an unqualified opinion from external audit.

In response to a query regarding risk management, and the risks associated with developing business opportunities outside of the relationship with CBC, Michael Hadjimichael confirmed that this has taken prominence on the strategic risk register. Colchester Borough Homes are constantly reviewing core procedures, and most of the commercial activities to date have been conducted with the core staff at CBH. Further steps for business development will require additional skill sets, and this will be looked at in detail in the future alongside examples of best practice.

Following a question regarding the limited assurance following an audit on payroll and insurance, Michael Hadjimichael confirmed with regards to insurance, all recommendations have been followed. In terms of the Payroll audit, CBH has been having conversations with Colchester Borough Council to ensure the correct processes are followed as the majority of required recommendations can only be acted on by CBC. Ann Hedges confirmed that the payroll system and the transfer to a new provider sits with CBC; similar risks were identified within the CBC Annual Governance Statement. The new payroll system is now in place and provides an increased ability to make the improvements required.

Further information about CBH managing corporate facilities was also requested. Michael Hadjimichael confirmed that the management of corporate facilities has been in place since 2013/14, with the skill set required for this function similar to that of managing existing stock. Risks associated with corporate facilities are included in the operational risk register, and if an issue did arise it would be escalated to the Colchester Borough Homes Finance and Audit Committee. With regard to new business opportunities, CBH are taking a risk averse approach focusing on those areas that CBH excels in.

RESOLVED;

- a) that the Governance and Audit Committee considered and commented on the Governance Assurance Statement of Colchester Borough Homes.
- b) The Committee accepts the assurance provided by Colchester Borough Homes regarding its governance arrangements throughout 2016/17.

65. 2016/17 Year End Review of Risk Management

Councillor Graham, declared a non-pecuniary interest (in respect of being the Director of the Stadium Board) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).

Hayley McGrath, Corporate Governance Manager, introduced the 2016/17 Year End Review of Risk Management. The report requests that the risk management work undertaken during 2016/17 is noted and that the Committee consider and comment on the current strategic risk register and the proposed risk management strategy for 2017/18. The report also requests that the Committee endorse the submission of the report to Cabinet.

Hayley McGrath provided the Committee with a summary of the key messages as included within the report. In particular, it was highlighted that whilst many of the risks listed in the register are outside of the control of the Council it is possible to mitigate the impact of those risks. The Committee were also informed that the auditors have endorsed the risk management approach from the Council giving it a substantial assurance level.

In summarising the work undertaken during 2016/17 Hayley McGrath provided the

Committee with information on the improvements made to embed Health and Safety within the Council. Current work has included revising the policies on lone workers, introducing new procedures and equipment as well as work in conjunction with the Stadium to deliver large events.

Hayley McGrath informed Committee members that the risk register had been reviewed in line with the usual processes, which included discussions with members of the Senior Management Team. Following discussions at the Performance Management Board, an additional risk regarding challenging behaviour from customers who had been incorrectly sign posted to Colchester Borough Council has been included on the register. Work is being conducted in the library with Essex County Council staff to assist on this matter.

Some Committee members requested further information about the risks associated with garden communities and whether the impact of the risk was categorised high enough, considering previous input from the auditors. Hayley McGrath informed members that the risk level has been discussed with Colchester Borough Council performance management board, Chief Executive and Directors. Whilst the impact of the risk is high, there are mitigation measures in place to reduce the possibility of issues occurring.

A further query from the Committee questioned whether it was likely that the number of high scoring risks would reduce in the near future. Hayley McGrath confirmed that whilst there are a number of risks with high totals the register takes a view of the strategic long term risk to the Council. It is not expected that the risks presented will alter significantly, however risks are reviewed each quarter with a report coming to the Committee every six months. Operational risks that sit within each service area tend to be more fluid and depend on the particular projects taking place at that time.

Hayley McGrath informed the Committee, following a question, that the risk tolerance line and matrix is part of a national risk management process. Some authorities' list risks on a 3x3 grid, however Colchester Borough Council has opted for a 5x5 grid, as this provides greater detail on the different levels of risk.

The risks associated with disaster recovery were also questioned, particularly regarding the difference between the high impact and low probability as well as other risks to service interruptions that are not included. Hayley McGrath commented that there are a number of risks that are not included on the register, but are dealt with under Council policy and procedures. The impact of ICT failure would be significant, given that it features as a big part of everyday work at the authority, however the Council is confident of the security arrangements in place. The Committee also discussed the scoring used to indicate the probability of risks occurring, and whether ratings of four or five mean that the risk is more likely to happen than not.

Hayley McGrath also highlighted the risk management strategy that forms part of the policy framework. This gets reviewed every year, and whilst it has been through a full review this year, have been no significant changes made as it remains fit for purpose. Hayley McGrath also confirmed to the Committee that the Portfolio Holder, Cabinet and the Governance and Audit Committee have responsibility for embedding risk management in the authority. Every report also includes reference to risk. Following a query from a Committee member, Hayley McGrath confirmed that it would be possible to add a training session regarding risk management for Councillors if that would be of interest.

RESOLVED that;

- a) the Risk Management work undertaken during 2016/17 be noted
- b) the current strategic risk register has been considered.
- c) The proposed risk management strategy for 2017/18 has been considered.
- d) The Committee endorse the submission of the report to Cabinet.

66. Work Programme 2017-18

Councillor Barlow, introduced the Work Programme 2017-18. The report requests that the Committee note the content of the Committee's Work Programme for 2017-18.

Councillor Barlow reminded the Committee of the questions raised during the items heard at the meeting, which related to the Pension Fund and Garden Communities. Councillor Barlow suggested that discussions take place about whether the Committee receive a briefing on these issues or whether an item is scheduled in the work programme for a future meeting date.

In addition, Councillor Barlow highlighted the Review of Meetings and Ways of Working which is due to come back to the Committee in the next few months. Councillors were reminded that input needs to be provided about how the review is going to assess whether the later start times of meetings has been a success.

RESOLVED that the Work Programme be noted.

19 September 2017

Report of	Monitoring Officer	Author	Andrew Weavers ☎ 282213
Title	Complaint in relation to Councillor Lilley		
Wards affected	Not applicable		

This report requests the Committee to consider a complaint received in relation to Councillor Lilley

1. Decision Required

- 1.1 To determine what action should be taken in relation to this complaint.

2. The complaint

- 2.1 On 27 July 2017 the Monitoring Officer received a complaint from Councillor Davies regarding a tweet that had been posted earlier that day by Councillor Lilley on his Twitter account. The tweet is contained at Appendix 1 to this report.
- 2.2 The basis of Councillor Davies' complaint was that Councillor Lilley's tweet was xenophobic and not the standard of behaviour expected of a cabinet member, or indeed any councillor.
- 2.3 On 28 July 2017 Councillor Lilley posted two further tweets apologising for his earlier comments and also closed down his Twitter account. The details of the tweets are contained at Appendix 2 to this report.
- 2.4 On 31 July 2017 the Monitoring Officer received a complaint from a member of the public regarding Councillor Lilley's original tweet on the basis that the complainant's mother is Argentinian and accordingly he was offended by the comments.
- 2.5 Councillor Davies subsequently informed the Monitoring Officer that Councillor Lilley's apology tweet of 28 July 2017 was not sufficient and sought to justify his original comments.
- 2.6 The Monitoring Officer invited both Councillor Davies and Councillor Lilley to make a statement. Councillor Davies' statement is contained at Appendix 3 and Councillor Lilley's at Appendix 4.

3. Background

- 3.1 Under the Localism Act the Council has a statutory duty to promote and maintain high standards of conduct by Members and Co-opted members of the Authority. In order to discharge this duty the Council adopted a Code of Conduct for Members which sets out the conduct expected of Members and Co-opted members of the Authority when they are acting in that capacity. The Council has also adopted Arrangements which detail how complaints in relation to Member conduct will be handled.

- 3.2 The Full Council agreed that as part of the terms of reference of this Committee it is responsible for promoting and maintaining high standards of conduct by Members and Co-opted Members of the Council.

4. The Member Code of Conduct

- 4.1 The Members' Code of Conduct only applies in relation to a Councillor's conduct in their official capacity as a Councillor. Councillor Lilley's Twitter account (prior to its deletion) was his own personal account which stated that "*views are my own direct from the dreaming city of Rowhedge.*" It also stated that "*I'm a Borough councillor for East Donyland*".
- 4.2 Accordingly the first thing the Committee needs to consider is whether Councillor Lilley's comments were made in his official capacity as a Councillor. The following table contains paragraph 2 of the Members' Code of Conduct which defines in which circumstances the code applies.

2. What does the Code apply to?

- (1) You must comply with this Code whenever you -
- (a) conduct the business of the Authority, or
 - (b) you are acting as a representative of the Authority.
- (2) This Code has effect in relation to your conduct in your official capacity.
- (3) Where you act as a representative of the Authority –
- (a) on another relevant authority, you must, when acting for that other authority, comply with that other authority's code of conduct; or
 - (b) on any other body, you must, when acting for that other body, comply with the Authority's code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

- 4.3 Councillor Lilley's Twitter account clearly stated that it was his personal account and by implication not an official council account. Furthermore there is relevant case law around this point. Following the decision of the First- Tier Tribunal in the case of Councillor Fareham v Hull City Council Standards Committee in 2012 the Tribunal held that "*a person is not bound by the Code of Conduct simply by being a councillor or by being known to be a councillor, he is bound by acting in his official capacity. 'Official capacity' is defined in paragraph 2 of the Code of Conduct.*"
- 4.4 In accordance with the Council's Localism Act Arrangements one of the Council's Independent Person's has been consulted on this complaint and has agreed that following the Tribunal's decision and applying paragraph 2 of the Members' Code of Conduct Councillor Lilley's tweet of 27 July 2017 was not made whilst acting in his official capacity and consequently is outside of the remit of the Members' Code of Conduct.

5. Options for the Committee

- 5.1 As this complaint falls out the Members' Code of Conduct the Committee needs to consider whether any further action should be taken under the Council's powers of self-regulation and the options available are detailed at paragraph 5.3 below.

- 5.2 The Committee needs to consider the statements made by the Councillor Davies and Councillor Lilley together with the contents of this report and determine this complaint.
- 5.3 The Committee could decide to take no further action or consider using the actions delegated to the Governance Hearings Sub-Committee; i.e.
- (a) Report its findings to Full Council for information;
 - (b) Recommend to Full Council that the councillor be issued with a formal censure or be reprimanded
 - (c) Recommend to the councillor's Group Leader that the councillor be removed from any or all Committees or Panels of the Council;
 - (d) Recommend to the Leader of the Council that the councillor be removed from the Cabinet, or removed from particular Portfolio responsibilities;
 - (e) Instruct the Monitoring Officer to arrange training for the councillor;
 - (f) Recommend to Full Council to remove from all outside appointments to which he/she has been appointed or nominated by the Council;
 - (g) Recommend to Full Council to withdraw facilities provided to the councillor by the Council, such as a computer, website and/or email and internet access; or
 - (h) Recommend to Full Council to exclude the councillor from the Council's Offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Panel meetings

6. Strategic Plan References

- 6.1 The manner in which the Council governs its business is an underpinning mechanism in the Council's Strategic Plan aims to set out the direction and future potential for our Borough.

7. Financial, Equality, Diversity and Human Rights, Consultation, Community Safety, Health, Publicity and Safety and Risk Management Implications

- 7.1 None identified.

Appendix 1



mike lilley
@lilz555

Replying to @SimonCrow and @Lewis2707

You have to fly to ascension island as the dirty argies, have a air ban. It's about 6k for the flight as well.

27/07/2017, 13:13

Appendix 2

"Sorry if my remark gave offence I guess in the invasion of my mums homeland when my great aunt was killed I forgot my place"

7.10 AM- 28 Jul 2017



Councillor Davies' comments

"I became aware of Cllr Lilley's original tweet which I understand was posted at about lunchtime on 27th July. The tweet stated, "You have to fly to ascension island as the dirty argies, have a air ban (sic). It's about 6k for the flight as well."

The following morning at 7.10 a further tweet was posted which said, "Sorry if my remark gave offence I guess in the invasion of my mums homeland when my great aunt was killed I forgot my place." (sic)

There was a further tweet: "hi I apologise for my remark I made it was unacceptable so sorry if it gave offense (sic). My family suffered so its still close to my heart."

Whilst I am sympathetic to Cllr Lilley's family history and the horrors of the Falkland conflict, I do not feel that it is warranted to have made the original tweet.

I do not accept the second and third tweets to be apologies – they are attempting to justify the original message.

As a councillor and portfolio holder for public safety, Cllr Lilley should be able to demonstrate that he will treat everyone in a fair and equitable manner. I believe this tweet illustrates a natural prejudice held by Cllr Lilley, which is one that does not allow him to be impartial. If, for example, a conflict between two residents was to arise and one had Argentinian heritage, I would not be confident that Cllr Lilley would be able to put aside his natural prejudice and treat each person fairly. I believe a person (or group of people) of Argentinian heritage would be treated less favourably.

The fact that the tweet was written at all demonstrates a deep-seated prejudice. All councillors should be aware of their own natural prejudices – most people have them. But councillors should also have the emotional intelligence to recognise their own natural prejudices and be able to deal with them in an appropriate way.

Whilst I think Cllr Lilley is a good ward councillor and a decent person, I do not feel that it is realistic for him to continue as portfolio holder for public safety when he has shown that he is not able to manage his own prejudices and I feel that if he were to continue in the role, he could potentially act against the interests, and to the detriment of, persons with Argentinian heritage."

Appendix 4

Councillor Lilley's comments

"I would like to start by offering my deepest apologies to anyone and everyone I may have offended by my comments on Twitter regarding a conversation about flying to the Falkland Islands. It was never my intention to offend anyone and I am sorry for the upset it has caused. I didn't think about what I wrote it just came out and for that I apologise. For years growing up my dear late Mum had told me and my brother and sisters about her homeland where she was born and raised, The Falkland Isles. My relatives originally came from Enniskillen in Ireland but were forced to move like so many families, so the Skilling's moved to Scotland where they settled, after a few years one of the sons saw an advert for sheep farmers in a place 8,000 miles away called the Falklands. He signed up and set sail with others. On the way they stopped at Portugal and on the long trip down he met a Portuguese woman and they became close and got married on the ship. They settled down to life on the Islands.

My mum went to school in Uruguay and she won a scholarship to Cambridge but she had to take an exam so she came to England and stayed.

When the invasion took place all the Islanders were moved out of their homes by gunpoint and taken off, then the soldiers took over the homes, when they were living there they used the inside as a toilet as it was cold outside. So when they all moved back in after the War they found the mess, which is why my Mother and others called them that name. She would always get the Penguin News delivered and would read the news out what they Argentinians were up to but she always called them that name. I guess it stuck in my mind and that's why I tweeted it, I have no other explanation, it was just a stupid remark made in a moment of talking about where we all come from. I forgot, that not everyone knew my family history of where they come from so I can see now how it must look to people, i guess my Mum taught me something that I learnt which should not have been taught.


I have never met an Argentinian and I certainly do not hate them or anyone else to that matter .I have no fear of Foreigners ,in fact I believe people from other nations have made this Country better and I certainly am proud I come from Irish, Scottish, Portuguese, English stock. I do not hate anyone, it's not a word I recognize, I believe we are all one Race, the Human Race. It's not in my nature to hate anyone, my Mum did because of what happened during the War, it was over 30 years ago but she never forgot what they did to her family and she told us every day.

I made a stupid remark and will accept what the Committee decide, I am disappointed to be before the Committee as I'm not a bad person, I am proud to have helped so many people as a Councillor especially helping a homeless person find a place to live. It made me glad to have done a good job.

Thank you for your listening! Sorry to have wasted all your time due to my stupid tweet.

I have deleted my account and will never go back as it's now a horrible place full of nasty trolls who love it when you make a human error which I'm paying for. I'm not perfect, I made a mistake and once again I am so sorry for offending anyone."

19 September 2017

Report of	Monitoring Officer	Author	Andrew Weavers
			 282213
Title	Local Government & Social care Ombudsman – Annual Review 2016/2017		
Wards affected	Not applicable		

This report request the Committee to note the Local Government & Social Care Ombudsman's Annual Review for 2016/2017

1. Decision Required

- 1.1 To note the contents of the Local Government & Social Care Ombudsman's Annual Review Letter for 2016/2017.

2. Supporting Information

- 2.1 The Local Government Ombudsman have recently changed their name to Local Government & Social Care Ombudsman to reflect the fact that since 2010 they have also had jurisdiction over all registered adult social care providers.
- 2.2 The Local Government & Social Care Ombudsman issues an Annual Review Letter to each local authority. The Annual Review Letter for Colchester for the year ending 31 March 2017 is attached to this report at Appendix 1.
- 2.3 It is worth noting that anyone can choose to make a complaint to the Local Government & Social Care Ombudsman. Accordingly, the number of complaints is not an indicator of performance or level of customer service. In most instances there was no case to answer. The Local Government & Social Care Ombudsman will normally insist that the Council has the opportunity to resolve the complaint locally through its own complaints procedure before commencing its own investigation.
- 2.4 The contents of the Annual review was reported to Cabinet on 5 September when they noted the report.

3. Key Headlines

- 3.1 There were no findings of maladministration against the Council and no formal reports were issued.
- 3.2 In 2016 /17 the Council received 250,386 direct customer contacts in the customer services area. However this figure does not include ad hoc customer contacts across the organisation. The Local Government & Social Care Ombudsman in the same period received 16 complaints and enquires in relation to how the Council had dealt with its customers. This is a reduction from the previous year's figure of 25.
- 3.3 The Local Government & Social Care Ombudsman made 13 decisions. Of which:

- 4 were referred back for local resolution,
(Referred back to the Council to enable it to deal with the complaint via its own complaint procedures)
- 5 were closed after initial enquiries,
- 1 advice given,
- 0 incomplete or invalid,

3 detailed investigations were undertaken. Of which:

- 2 not upheld,
- 1 upheld.
(The Local Government & Social Care Ombudsman decided that the Council had been at fault in how it acted and the fault may or may not have caused injustice to the complainant, or where the Council accepted that it needed to remedy the complaint before the Local Government & Social Care Ombudsman made a finding on fault. If the Local Government & Social Care Ombudsman decided there was fault and it caused an injustice to the complainant, usually it will have recommended the Council take some action to address it).

3.4 The upheld case was in relation to a complaint regarding processing of housing applications. The Local Government & Social Care Ombudsman upheld the complaint because of two instances of fault by the Council in the way that it processed the applications. However the Local Government & Social Care Ombudsman determined that there was no outstanding injustice and, overall, the Council had correctly dealt with the case.

4. Financial Considerations

4.1 No direct implications other than mentioned in this report.

5. Strategic Plan References

5.1 The lessons learnt from complaints to the Local Government & Social Care Ombudsman link in with our Strategic Plan aims to be efficient accessible, customer focused and always looking to improve. Having an effective complaints process helps us to achieve the Strategic Plan's themes of a vibrant, prosperous, thriving and welcoming Borough.

6. Equality, Diversity and Human Rights Implications

6.1 No direct implications.

7. Publicity Considerations

7.1 Details of the Annual Review Letter are published on the Local Government & Social Care Ombudsman's website and will also be published on the Council's website.

8. Consultation, Community Safety, Health and Safety and Risk Management Implications

8.1 No direct implications.

20 July 2017

By email

Adrian Pritchard
Chief Executive
Colchester Borough Council

Dear Adrian Pritchard,

Annual Review letter 2017

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGO) about your authority for the year ended 31 March 2017. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

The reporting year saw the retirement of Dr Jane Martin after completing her seven year tenure as Local Government Ombudsman. I was delighted to be appointed to the role of Ombudsman in January and look forward to working with you and colleagues across the local government sector in my new role.

You may notice the inclusion of the '*Social Care Ombudsman*' in our name and logo. You will be aware that since 2010 we have operated with jurisdiction over all registered adult social care providers, able to investigate complaints about care funded and arranged privately. The change is in response to frequent feedback from care providers who tell us that our current name is a real barrier to recognition within the social care sector. We hope this change will help to give this part of our jurisdiction the profile it deserves.

Complaint statistics

Last year, we provided for the first time statistics on how the complaints we upheld against your authority were remedied. This year's letter, again, includes a breakdown of upheld complaints to show how they were remedied. This includes the number of cases where our recommendations remedied the fault and the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. In these latter cases we provide reassurance that your authority had satisfactorily attempted to resolve the complaint before the person came to us.

We have chosen not to include a 'compliance rate' this year; this indicated a council's compliance with our recommendations to remedy a fault. From April 2016, we established a new mechanism for ensuring the recommendations we make to councils are implemented, where they are agreed to. This has meant the recommendations we make are more specific, and will often include a time-frame for completion. We will then follow up with a council and seek evidence that recommendations have been implemented. As a result of this new process, we plan to report a more sophisticated suite of information about compliance and service improvement in the future.

This is likely to be just one of several changes we will make to our annual letters and the way we present our data to you in the future. We surveyed councils earlier in the year to find out, amongst other things, how they use the data in annual letters and what data is the most useful; thank you to those officers who responded. The feedback will inform new work to

provide you, your officers and elected members, and members of the public, with more meaningful data that allows for more effective scrutiny and easier comparison with other councils. We will keep in touch with you as this work progresses.

I want to emphasise that the statistics in this letter comprise the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, but who may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

The statutory duty to report Ombudsman findings and recommendations

As you will no doubt be aware, there is duty under section 5(2) of the Local Government and Housing Act 1989 for your Monitoring Officer to prepare a formal report to the council where it appears that the authority, or any part of it, has acted or is likely to act in such a manner as to constitute maladministration or service failure, and where the LGO has conducted an investigation in relation to the matter.

This requirement applies to all Ombudsman complaint decisions, not just those that result in a public report. It is therefore a significant statutory duty that is triggered in most authorities every year following findings of fault by my office. I have received several enquiries from authorities to ask how I expect this duty to be discharged. I thought it would therefore be useful for me to take this opportunity to comment on this responsibility.

I am conscious that authorities have adopted different approaches to respond proportionately to the issues raised in different Ombudsman investigations in a way that best reflects their own local circumstances. I am comfortable with, and supportive of, a flexible approach to how this duty is discharged. I do not seek to impose a proscriptive approach, as long as the Parliamentary intent is fulfilled in some meaningful way and the authority's performance in relation to Ombudsman investigations is properly communicated to elected members.

As a general guide I would suggest:

- Where my office has made findings of maladministration/fault in regard to routine mistakes and service failures, and the authority has agreed to remedy the complaint by implementing the recommendations made following an investigation, I feel that the duty is satisfactorily discharged if the Monitoring Officer makes a periodic report to the council summarising the findings on all upheld complaints over a specific period. In a small authority this may be adequately addressed through an annual report on complaints to members, for example.
- Where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of the fault or injustice, or the number of people affected, I would expect the Monitoring Officer to consider whether the implications of that investigation should be individually reported to members.
- In the unlikely event that an authority is minded not to comply with my recommendations following a finding of maladministration, I would always expect the Monitoring Officer to report this to members under section five of the Act. This is an exceptional and unusual course of action for any authority to take and should be considered at the highest tier of the authority.

The duties set out above in relation to the Local Government and Housing Act 1989 are in addition to, not instead of, the pre-existing duties placed on all authorities in relation to Ombudsman reports under The Local Government Act 1974. Under those provisions, whenever my office issues a formal, public report to your authority you are obliged to lay that report before the council for consideration and respond within three months setting out the action that you have taken, or propose to take, in response to the report.

I know that most local authorities are familiar with these arrangements, but I happy to discuss this further with you or your Monitoring Officer if there is any doubt about how to discharge these duties in future.

Manual for Councils

We greatly value our relationships with council Complaints Officers, our single contact points at each authority. To support them in their roles, we have published a Manual for Councils, setting out in detail what we do and how we investigate the complaints we receive. When we surveyed Complaints Officers, we were pleased to hear that 73% reported they have found the manual useful.

The manual is a practical resource and reference point for all council staff, not just those working directly with us, and I encourage you to share it widely within your organisation. The manual can be found on our website www.lgo.org.uk/link-officers

Complaint handling training

Our training programme is one of the ways we use the outcomes of complaints to promote wider service improvements and learning. We delivered an ambitious programme of 75 courses during the year, training over 800 council staff and more 400 care provider staff. Post-course surveys showed a 92% increase in delegates' confidence in dealing with complaints. To find out more visit www.lgo.org.uk/training

Yours sincerely

A handwritten signature in black ink, appearing to be 'M King', with a stylized flourish at the end.

Michael King
Local Government and Social Care Ombudsman for England
Chair, Commission for Local Administration in England

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
0	2	0	0	2	0	5	7	0	16

Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
0	1	4	5	2	1	33%	13

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied

by LGO

0

Satisfactorily by
Authority before LGO
Involvement

0

19 September 2017

Report of	Assistant Director (Policy & Corporate)	Author	Steve Heath
Title	Annual Statement of Accounts 2016/17		☎ 282389
Wards affected	Not applicable		

This report presents the audited Statement of Accounts for 2016/17

1. Action required

- 1.1 To note the publication of the audited Statement of Accounts (SOA) for 2016/17.

2. Supporting information

- 2.1 The pre-audit SOA was certified by the responsible financial officer in accordance with the statutory deadline. A report was presented to this Committee on 27 June highlighting the availability of the draft accounts, and explaining the key financial statements. Following the submission of the Auditors' report to the Committee on 25 July, the Committee approved the audited accounts and the Section 151 Officer submitted the Letter of Representation providing assurance about the information within the SOA.
- 2.2 On 25 July the Auditor issued an unqualified opinion that the accounts give a true and fair view of the Council's financial position as at 31 March 2017 and of its income and expenditure for the year then ended. The audit was formally closed, and the audited accounts were published on the Council's website. Once again this year, the SOA has only been produced in an electronic format.
- 2.3 In submitting this report, and the earlier reports, the Council is following procedures set out in the Accounts and Audit Regulations 2015. By law the Council must publish audited accounts by the statutory deadline of 30 September and this has been achieved.

3. Strategic Plan references

- 3.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2016/17.

4. Financial implications

- 4.1 The publication of the audited SOA meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.

5. Publicity considerations

- 5.1 The availability of the SOA is advertised on the Council's website and can be accessed via the link shown below. The link also provides access to a Summary Statement of Accounts, which highlights the main areas of income and expenditure as well as the other core financial statements.

6. Other standard references

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

Background Papers

Available on the Colchester Borough Council website:

Audit of Accounts 2016/17

<http://www.colchester.gov.uk/article/16018/Audit-of-Accounts>

Statement of Accounts 2016/17

<http://www.colchester.gov.uk/article/11907/Statement-of-Accounts---Colchester-Borough-Council>

Draft Annual Statement of Accounts – Report to Governance & Audit Committee on 27 June 2017

<https://colchester.cmis.uk.com/colchester/MeetingCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/499/Committee/35/Default.aspx>

Annual Statement of Accounts – Report to Governance & Audit Committee on 25 July 2017

<https://colchester.cmis.uk.com/colchester/MeetingCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/500/Committee/35/SelectedTab/Documents/Default.aspx>

Governance and Audit Committee

Item

10

19 September 2017

Report of	Assistant Director (Policy and Corporate)	Author	Sean Plummer ☎ 282347 Darren Brown ☎ 282891
Title	Financial Monitoring Report – April to June 2017		
Wards affected	Not applicable		

The Committee is invited to review the financial performance of all General Fund services and the Housing Revenue Account for the first three months of 2017/18

1. Action required

- 1.1 The Committee is asked to consider the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first three months of 2017/18.

2. Reason for scrutiny

- 2.1 Monitoring of financial performance is important to ensure that:
 - Service expenditure remains within cash-limited budgets.
 - Potential variances at year-end are identified early so that remedial action can be taken to recover the position or 'recycle' any surplus budgets.
 - Performance targets are being met.
- 2.2 This report also gives the committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

3. Background and Summary Position

- 3.1 This report reviews the Council's overall position based on profiled income and expenditure for the three months to 30 June 2017, and also shows a projection of the outturn figures for the full year. All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.
- 3.2 The projected outturn for the General Fund is currently a net overspend of £488k. The Housing Revenue Account forecast outturn position is currently to be on budget.
- 3.3 The General Fund position is set out in more detail in the following paragraphs and the HRA position explained in section 6. Budgets carried forward from 16/17 are now included in the schedules within this report, and as such will be monitored as part of the overall position.

4. General Fund – Position to 30 June 2017

Service Budgets

- 4.1 Appendix A shows the current budget variances and forecast outturn variances by Service Group. The net position shows a variance against profiled budget for General Fund Services (excluding Benefits, NEPP & JMC) of £63k (adverse). This comprises total expenditure being £280k lower than expected and total income being £343k lower than expected. Appendix B breaks these variances down by subjective group.

Income

- 4.2 Income to the Council is below targets in a number of areas to date, but most notably in Sport & Leisure, Community Alarms and Planning, although it should be noted that some of the shortfalls are small in monetary terms. We have however achieved more income in Events, Building Control, Parking and Trade Waste. As one of our main risk areas, income will continue to be closely monitored by officers on a monthly basis.

Expenditure

- 4.3 There are underspends against profiled budgets in most services areas, predominantly within employee and premises costs. This can be a result of profiling of budgets as well as timing of expenditure.
- 4.4 Benefits payments are not shown in Appendix A & B to avoid distorting the reported position for Service Groups. It is currently projected that this area will be on budget at year end, when the final subsidy claim is paid. Furthermore, NEPP and JMC variances are not included in the Appendix A & B totals, given these areas are ring-fenced and are reported to the relevant joint committee.

5. Outturn Forecast / Risk Areas

- 5.1 This is the first review this year of the 2017/18 budget position, and the current forecast outturn is a net overspend of £488k.

	£'000	
Service budgets	488	See paras. 5.2 – 5.3 and Appendix C
Technical Items	-	
Potential net overspend	488	

Service Budgets

- 5.2 The following table sets out the forecast outturn for all service areas, with outturn variances. This shows a net forecast overspend of £488k. As the table shows, this is primarily due to an overall shortfall in income of £615k. The largest areas contributing to this income shortfall are; Commercial Services (North Colchester Leisure Site, Culver Centre and Digital income), and Sport & Leisure where income from Lifestyle memberships is forecast to be below budget. The latter is partially offset by less expenditure, although a net overspend is forecast.

Service	Forecast outturn		
	<i>Expenditure</i>	<i>Income</i>	<i>Net</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Corporate & Financial Management (incl CDC)	45	4	49
EMT	5	-	5
Community Services	(54)	32	(22)
Commercial Services	(55)	359	304
Customer Services	(142)	11	(131)
Operational Services	(146)	209	63
Professional Services	20	-	20
Corporate Item – Smarter Working saving to be allocated	200	-	200
Total all services	(127)	615	488

- 5.3 Appendix C sets out details of all forecast variances against service budgets at the year-end totalling £288k. In addition, the 2017/18 budget includes a Smarter Working saving of £200k. This is currently being held within our technical area, and will be allocated out to services in Period 4 when the new management structure goes live. The assumption is that services are forecasting all their known staffing changes and requirements, therefore the allocation of this saving will have the effect of removing £200k of expenditure budgets and hence increase the variance currently being showing at an individual service level. This will be reviewed during Quarter 2.
- 5.4 To provide some context on the scale of the variances shown in Appendix C, a percentage value has been included within the comments which shows the proportion of the relevant budget that it represents. For example, an underspend due to vacant posts or the vacancy factor would be expressed as a proportion of the total employees budget for that area.
- 5.5 There are other risks, both positive and negative, to the outturn position that are not currently shown in the forecast. These and other areas will be closely monitored over the coming months and if appropriate the outturn forecast will be revised.

Corporate / Technical Items

- 5.5. The budget includes a number of corporate and technical budget areas such as net interest earnings, the provision to repay debt, pension costs and some non-service specific grants. It is currently assumed that the outturn for these areas will be in line with the budget.
- 5.6. There is a balance of £15k to find against the procurement target for the current financial year. Opportunities to close this gap are expected during the year.

Summary position and action proposed

- 5.7. The forecast outturn shows a potential net overspend of £488k. Further more detailed work will be undertaken during Quarter 2 to ensure forecast outturn positions are robust, including areas where underspends to date have not been reflected in the forecast outturn position.
- 5.8. SMT continues to monitor the budget position on a monthly basis. The next report to the Committee will consider the position after 9 months, with the half-year position being reported to Scrutiny Panel in November. This half year review will provide a better opportunity to assess progress against budget targets and income levels, and any resulting necessary action to mitigate any forecast budget variance will be considered.

6. Housing Revenue Account

- 6.1 The Housing Revenue Account (HRA) is a ring-fenced account which is affected by a number of variable factors. At the end of June 2017, the HRA is showing a net underspend of £384k compared to the profiled budget for the same period. This is primarily due to lower expenditure on Premises costs (£295k) and £67k more income than budgeted.

Position to date

- 6.2 Premises related costs are showing an underspend of £295k as at the end of June 2017. Overall, there is a net underspend of £195k on Repairs and Maintenance, which primarily relates to the timing of expenditure on repairs and maintenance of pumping stations, Homeless Persons Units and other delegated areas. There are further underspends of £41k on Grounds Maintenance budgets, £22k on Council Tax on void properties and £14k on Utility and Water costs which relate to the timing of expenditure.
- 6.3 We have received £67k more income at the end of June 2017. This reflects the net impact of less rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the level of Right to Buy sales.

Forecast Outturn

- 6.4 The HRA forecast outturn is to be on budget. Any underspend that occurs in the year will be used to fund a greater proportion of our Housing Capital Programme through an increased Revenue Contribution to Capital, thus minimising new borrowing and maximising our available headroom.

7. Strategic Plan references

- 7.1. The priorities within the Strategic Plan are reflected in the Medium Term Financial Forecast. This makes assumptions regarding government grant and Council Tax income, and identifies where necessary savings will be found in order to achieve a balanced budget. The 2017/18 revenue budget was prepared in accordance with the Strategic Plan's priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

8. Financial implications

- 8.1. As set out above.

9. Risk management implications

- 9.1. Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2017/18 revenue budget report that was approved by Council in February 2017 detailed a number of potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service identify a number of both positive and negative risk areas during the year.

10. Other Standard References

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

Background Papers

None

Current Budget Variances and Forecast Outturn Variances by Service Area

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core		(34)	-	(34)	(5)	-	(5)
	Total	(34)	-	(34)	(5)	-	(5)
Corporate & Financial Management							
	Assistant Chief Executive	4	-	4	-	-	-
	Finance	17	-	17	60	-	60
	ICT and Communications	56	-	56	(52)	-	(52)
	People and Performance	9	-	9	7	4	11
	Governance	(34)	(3)	(37)	35	-	35
	Total	52	(3)	49	50	4	54
Executive Management Team							
	EMT	(2)	-	(2)	5	-	5
	Total	(2)	-	(2)	5	-	5
Community Services							
	Head of Community Services	1	-	1	-	-	-
	Cultural Services	(3)	4	1	-	8	8
	Community Zones	4	6	10	(19)	-	(19)
	Community Development	12	(8)	4	(35)	(1)	(36)
	Colchester Museums	(3)	24	21	-	25	25
	Subtotal	11	26	37	(54)	32	(22)
	Colchester & Ipswich Museums	10	4	14	42	(11)	31
	Total	21	30	51	(12)	21	9
Commercial Services							
	Head of Commercial Services	(1)	-	(1)	74	-	74
	Place Strategy	(100)	115	15	6	-	6
	Economic Growth	(12)	47	35	(37)	303	266
	Corporate Asset Management	(69)	(11)	(80)	23	(4)	19
	Commercial - Trading	32	44	76	(117)	60	(57)
	Commercial - Housing	(21)	(61)	(82)	(4)	-	(4)
	Total	(171)	134	(37)	(55)	359	304

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Customer Services							
	Head of Customer Services	23	-	23	6	-	6
	Customer Operations	67	-	67	(39)	-	(39)
	Customer Demands & Research	16	7	23	(6)	11	5
	Customer Solutions	(59)	35	(24)	(80)	-	(80)
	Local Taxation & NNDR	(21)	(5)	(26)	(23)	-	(23)
	Subtotal	26	37	63	(142)	11	(131)
	Benefits - Payments & Subsidy	(816)	616	(200)	-	-	-
	Total	(790)	653	(137)	(142)	11	(131)
Operational Services							
	Head of Operational Services	-	-	-	-	-	-
	Sport & Leisure	(42)	55	13	(55)	133	78
	Recycling & Fleet	(74)	25	(49)	(91)	76	(15)
	Car Parking	(4)	(5)	(9)	-	-	-
	Subtotal	(120)	75	(45)	(146)	209	63
	Parking Partnership (NEPP)	105	177	282	(114)	-	(114)
	Total	(15)	252	237	(260)	209	(51)
Professional Services							
	Head of Professional Services	1	-	1	-	-	-
	Licensing & Food Safety	(12)	10	(2)	14	-	14
	Environmental Health Services	7	(4)	3	12	-	12
	Electoral Services	(1)	-	(1)	-	-	-
	Prof Support Units	(24)	12	(12)	(23)	-	(23)
	Land Charges	(14)	5	(9)	15	-	15
	Planning	1	51	52	2	-	2
	Total	(42)	74	32	20	-	20
	Total (excluding Benefits, NEPP & JMC)	(280)	343	63	(327)	615	288

Current Budget Variances and Forecast Outturn Variances by Subjective Group

		Position to date			Forecast Outturn		
		Actual	Budget	Variance	Actual	Budget	Variance
	Subjective	£'000	£'000	£'000	£'000	£'000	£'000
	Expenditure						
	Employees	6,410	6,484	(74)	25,484	25,682	(198)
	Premises Related	2,678	2,882	(204)	7,033	7,007	26
	Transport Related	512	525	(13)	2,955	2,965	(10)
	Supplies & Services	3,012	3,016	(4)	10,435	10,363	72
	Third Party Payments	737	762	(25)	2,355	2,372	(17)
	Transfer Payments	65	25	40	100	100	0
	Capital Financing Costs	0	0	0	110	110	0
	Total	13,414	13,694	(280)	48,472	48,599	(127)
	Income						
	Government Grant	(770)	(778)	8	(1,329)	(1,366)	37
	Other Grants & Reimbursements	(349)	(514)	165	(2,461)	(2,546)	85
	Customer & Client Receipts	(5,911)	(6,078)	167	(20,862)	(21,345)	483
	Income-Interest	(30)	(33)	3	(121)	(131)	10
	Inter Account Transfers	0	0	0	0	0	0
	Total	(7,060)	(7,403)	343	(24,773)	(25,388)	615
	Net	6,354	6,291	63	23,699	23,211	488

Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Corporate and Financial Management (incl. CDC)				
Corporate & Democratic Core	(5)	0	(5)	Forecast underspend on banking transaction charges (25%)
Finance	60	0	60	Forecast overspend relating to employee costs (7.7%)
ICT and Communications	(52)	0	(52)	Forecast underspend across employee costs mainly due to vacant posts in ICT (3.4%)
People & Performance	7	4	11	Forecast overspend due to vacancy factor not fully matched at Period 3 (1.3%). Less income from CBH SLA (27.5%)
Governance	35	0	35	Forecast overspend mainly due to vacancy factor not matched at Period 3 (3.4%)
Executive Management Team				
EMT	5	0	5	Overspend forecast on employee costs due to maternity cover (0.8%)
Community Services				
Cultural Services	0	8	8	Shortfall in income due to Party in the park not going ahead, and less income related to advertising and sales (6.6%)
Community Zones	(19)	0	(19)	Forecast underspend primarily relating to employee costs (0.8%)
Community Development	(35)	(1)	(36)	Forecast underspend on employee costs (5.16%). £1k more income forecast for water supply charges (0.3%)
Colchester Museums	0	25	25	Shortfall in income of £25k being forecast (5.6%)
Colchester and Ipswich Museums	42	(11)	31	Underspend of £26k on employee costs being forecast (1.43%), which is offset by £55k for storage costs in Ipswich. Retail is forecasting £8k overspend on materials for re-sale (6.1%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				which is offset by £12k more income (9.2%)
Commercial Services				
Head of Commercial Services	74	0	74	Overspend forecast due to vacancy factor savings for whole service not achieved at Period 3, due to lower staff turnover.
Place Strategy	6	0	6	Small variances across the service, primarily relating to employees costs. Pre-Planning Application income is forecast to be on budget by year end.
Economic Growth	(37)	303	266	Employee costs are forecast to be underspent by a net £43k (5.6%), which is a combination of savings from vacant posts and additional temporary agency cover costs. In addition, commercial properties have forecast some unplanned security and legal costs of £7k. Income shortfalls forecast on North Colchester Leisure site £150k (100%); Culver Centre £75k (14.9%) and Digital Income £80k (80%).
Corporate Asset Management	23	(4)	19	Rowan House service charge balance of £23k relating to the previous financial year (16.3%)
Commercial - Trading	(117)	60	(57)	Events team forecasting to deliver on budget as at the end of the 1 st Quarter. Monitoring & Response services forecasting a shortfall in income £60k (5.6%) (Helpline) although this will be partially offset by a £30k underspend on employee costs (4.4%). Building Control are forecasting a £85k saving on employees (25%)
Commercial - Housing	(4)	0	(4)	Small saving on employee costs (2.1%)

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Customer Services				
Head of Customer Services	6	0	6	Small overspend relating to employee costs (4.7%)
Customer Operations	(39)	0	(39)	Forecast underspend relating to employee costs (2.7%)
Customer Demand & Research	(6)	11	5	£5k less income from commissioned project work with external organisations (14.8%) Transformation costs will be offset by the Transformation Challenge Award Grant.
Customer Solutions	(80)	0	(80)	Forecast underspend relating to employee costs (6.3%)
Local Taxation & NNDR	(23)	0	(23)	Forecast underspend relating to employee costs (5.8%)
Operational Services				
Sport and Leisure	(55)	133	78	Savings on Employee Costs across all cost centres are offset by a shortfall of £135k (11.9%) income from Lifestyle Memberships. To reduce this shortfall, new membership packages have been introduced and a number of new income streams are being identified.
Recycling and Fleet	(91)	107	16	Employee underspends are due to the management of vacancies whilst optimised routes are put into operation (3.6%). Less income from Glass sales is due to the falling price of Glass (63.6%)
Parking Partnership	(114)	0	(114)	The NEPP is currently undergoing an organisational review to find the savings required from the Essex Review and a number of posts are currently unfilled (5.1%).
Professional Services				
Licensing & Food Safety	14	0	14	Forecast overspend due to vacancy factor not fully matched at Period 3 (2.8%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Environmental Health Services	12	0	12	Forecast overspend due to vacancy factor not matched at Period 3 (3.1%).
Professional Support Units	(23)	0	(23)	Forecast underspend relating to employee costs (1.5%)
Land Charges	15	0	15	Overspend forecast due to unbudgeted cost of apprentice.
Planning	2	0	2	Small overspend forecast on employee costs (0.4%).

June 2016 Account Description	Current Period - June 2017			Forecast Year-End Position		
	Profiled Budget to Period 3 £'000	Actual to Period 3 £'000	Variance (under) / over £'000	Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000
HRA - Direct & Non-Direct						
EXPENDITURE						
Employees	27	27	-	109	109	-
Premises Related	1,805	1,510	(295)	6,615	6,615	-
Supplies & Services	190	178	(12)	792	792	-
Third Party Payments	1,159	1,156	(3)	3,503	3,503	-
Transfer Payments	42	35	(7)	168	168	-
Support Services	1,088	1,088	-	4,354	4,354	-
Capital Financing Costs	-	-	-	14,364	14,403	39
TOTAL EXPENDITURE	4,311	3,994	(317)	29,905	29,944	39
INCOME						
Other Grants & Reimbursements	(23)	(23)	-	(178)	(178)	-
Customer & Client Receipts	(7,820)	(7,887)	(67)	(29,561)	(29,600)	(39)
Income-Interest	(8)	(8)	-	(32)	(32)	-
Inter Account Transfers	-	-	-	(135)	(135)	-
TOTAL INCOME	(7,851)	(7,918)	(67)	(29,906)	(29,945)	(39)
TOTAL NET - HRA	(3,540)	(3,924)	(384)	(1)	(1)	-

19 September 2017

Report of	Assistant Director (Policy and Corporate)	Author	Graham Coleman ☎ 282741
Title	Capital Expenditure Monitor 2017/18		
Wards affected	Not applicable		

The Panel is invited to review the progress against all capital schemes during the first three months of 2017/18

1 Action required

- 1.1 To review the level of capital spending during the first three months of 2017/18, and forecasts for future years.

2 Reason for scrutiny

- 2.1 Monitoring capital spending is important to ensure that spending on projects is within agreed scheme budgets, and the overall programme is delivered within budget.
- 2.2 This report also gives the Panel the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

3 Background information

- 3.1 This report sets out details of spending in the first three months of the financial year 2017/18 (April to June) and revised forecasts for future years, including new capital funding and changes to the capital programme. The report includes capital expenditure in respect of the Housing Investment Programme, including expenditure on the Council's housing stock. It also includes the capital resources that form part of the Revolving Investment Fund (RIF).
- 3.2 Accrued capital spending for the first three months of the year totalled £2.1 million. This represents 6% of the projected spend for 2017/18. **Appendix A** sets out details of spending on all schemes, along with expenditure forecasts provided by budget managers to provide an indication of progress against their expectations for schemes in monetary terms.
- 3.3 It should be noted that the Capital Programme mainly consists of schemes where spending is planned across more than one year. Any apparent variances from the forecast position for the year are unlikely to indicate any over or under spending against projects as a whole, but tend to relate to timing differences between anticipated payments and actual payments to contractors. Any significant divergences from planned activity would be brought to the Panel's attention in the following paragraphs.
- 3.4 The table below provides a summary of the capital programme by service area:

	Total Prog.	2017/18 Spend Qtr 1	2017/18 Forecast	Future Years Forecast	(Surplus) / Shortfall
Service / Scheme	£'000	£'000	£'000	£'000	£'000
Operational Services	2,981	649	2,713	0	(268)
Professional Services	2,383	50	1,082	1,301	0
Commercial Services (excl. RIF)	1,058	15	966	92	0
Community Services	3,214	486	3,227	0	13
Revolving Investment Fund (RIF)	32,084	631	13,749	18,505	170
Completed Schemes	102	101	105	0	3
Capitalised Maintenance Schemes	71	(2)	71	0	0
Housing Revenue Account	12,604	140	12,604	0	0
Total Capital Programme	54,497	2,070	34,517	19,898	(82)

- 3.5 Changes to the Capital Programme are regularly made to reflect changes in funding and the addition of new schemes. The capital programme has been adjusted to reflect 2016/17 expenditure, and has been increased by £18.5m this quarter to fund the 17/18 Housing Investment Programme, the Northern Gateway Heat Network, and Disabled Facilities Grants as well as various S106 and grant amounts. These changes to the Capital Programme are shown in **Appendix B**.
- 3.6 The most significant areas of planned expenditure for the year are detailed in **Appendix C**, along with the actual expenditure and updated commentary from budget holders.
- 3.7 **Appendix A** includes a RAG (Red, Amber, Green) status of overall project performance against capital schemes. Although there are no 'Red' schemes, a total of eight schemes were classed as 'Amber' by the budget managers. The current position against these schemes is detailed in **Appendix D** to this report.
- 3.8 There is currently a projected net underspend of £252k against the Capital Programme, which is set out in the following table which will be referred to a future meeting of Cabinet for consideration. In addition there is a projected overspend against the Creative Business Centre of £170k which will be met by the reallocation of resources within the Revolving Investment Fund.

Scheme	Over/ (Under) £'000	
Waste Collection Strategy	(268)	The primary reason for the under-spend was that the cost of the wheeled bins came in under expectations due to the price obtained from the winning contractor. It was also possible to swap two vehicles on the fleet through our contractor for wheeled bin collections rather than modify others which resulted in a saving.
Oak Tree Community Centre Roof	13	Tenders have been returned and some unforeseen works will potentially exceed funding available, so project may overspend budget by £13k.
Completed schemes	3	Small overspend on completed schemes.
Total Net Underspend	(252)	

Scheme	Over/ (Under) £'000	
RIF position		
Creative Business Centre	170	Project complete and final accounts to be agreed by September 2017. Expenditure against this project is higher than the current budget due to the poor condition of the building structure, and the over-spend will be sought from elsewhere in the RIF budget.

4 Strategic Plan references

- 4.1 The Council's Capital Programme is aligned to the Strategic Plan.

5 Financial implications

- 5.1 As set out above.

6 Risk management implications

- 6.1 Risk management issues are considered as part of all capital projects.

7 Other standard references

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

Background papers - None

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected Expenditure			(Surplus) / Shortfall £'000	RAG Status	
			2017/18 £'000	2018/19 £'000	2019/20 £'000		Q1	Q4
SUMMARY								
Operational Services	2,981.3	649.3	2,713.3	0.0	0.0	(268.0)		
Professional Services	2,383.4	49.6	1,082.4	1,301.0	0.0	0.0		
Commercial Services (excluding RIF)	1,058.5	14.6	966.6	50.0	41.9	0.0		
Community Services	3,213.7	486.4	3,226.8	0.0	0.0	13.1		
Revolving Investment Fund (RIF)	32,084.6	631.4	13,748.9	16,873.3	1,632.0	169.6		
Completed Schemes	101.6	101.4	104.8	0.0	0.0	3.2		
Capitalised Maintenance Schemes	70.8	(2.0)	70.8	0.0	0.0	0.0		
Total (General Fund)	41,893.9	1,930.7	21,913.6	18,224.3	1,673.9	(82.1)		
Housing Revenue Account	12,603.5	139.6	12,603.5	0.0	0.0	0.0		
Total Capital Programme	54,497.4	2,070.3	34,517.1	18,224.3	1,673.9	(82.1)		
OPERATIONAL SERVICES								
Shrub End Depot	840.5	0.0	840.5	0.0	0.0	0.0	A	A
Waste Collection Strategy	856.5	329.7	588.5	0.0	0.0	(268.0)	G	G
LWC - Health & Fitness Extension	953.7	310.8	953.7	0.0	0.0	0.0	G	G
LWC - Aqua Springs Refurbishment	95.1	1.1	95.1	0.0	0.0	0.0	G	G
LWC - Leisure Pool Refurbishment	2.8	(7.3)	2.8	0.0	0.0	(0.0)	G	G
LWC - Coffee Shop Extension	34.1	15.0	34.1	0.0	0.0	0.0	G	G
St Johns Car Park	8.6	0.0	8.6	0.0	0.0	0.0	G	G
Tiptree Sports Centre - new pitch	190.0	0.0	190.0	0.0	0.0	0.0	G	-
TOTAL - Operational Services	2,981.3	649.3	2,713.3	0.0	0.0	(268.0)		
PROFESSIONAL SERVICES								
Mandatory Disabled Facilities Grants	2,301.0	45.8	1,000.0	1,301.0	0.0	0.0	A	G
Private Sector Renewals - Loans and Grants	82.4	3.8	82.4	0.0	0.0	0.0	G	G
TOTAL - Professional Services	2,383.4	49.6	1,082.4	1,301.0	0.0	0.0		
COMMERCIAL SERVICES								
Assistance to Registered Housing Providers	91.9	0.0	0.0	50.0	41.9	0.0	G	G
Use of 1-4-1 Right to Buy Receipts	500.0	0.0	500.0	0.0	0.0	0.0	G	G
CCTV Monitoring	111.1	1.7	111.1	0.0	0.0	0.0	G	G
Local Authority Carbon Management (LACM)	148.5	10.0	148.5	0.0	0.0	0.0	G	G
Open Space Provision	100.0	0.0	100.0	0.0	0.0	0.0	G	G
Events - chairs	33.0	0.0	33.0	0.0	0.0	0.0	G	G
Cemetery Extension	38.6	2.9	38.6	0.0	0.0	0.0	G	G
Cemetery Exterior Lighting	30.6	0.0	30.6	0.0	0.0	0.0	G	G
Replacement of Cremators	4.8	0.0	4.8	0.0	0.0	0.0	G	G
TOTAL - Commercial Services	1,058.5	14.6	966.6	50.0	41.9	0.0		
COMMUNITY SERVICES								
Oak Tree Community Centre Roof	50.0	0.5	63.1	0.0	0.0	13.1	A	G
Lion Walk Activity Centre	40.0	0.0	40.0	0.0	0.0	0.0	G	G
Garrison Gym Rebuild	49.7	2.6	49.7	0.0	0.0	0.0	A	A
Stanway Village Hall	539.2	245.6	539.2	0.0	0.0	0.0	G	G
Mersea Pontoon	7.2	5.4	7.2	0.0	0.0	0.0	G	G
Castle Park Sensory Garden S106	14.3	19.2	14.3	0.0	0.0	0.0	G	G
Cook's Shipyard Playsite Wivenhoe S106	9.2	0.5	9.2	0.0	0.0	0.0	G	G
Old Heath Recreation Ground Improvements	37.1	0.2	37.1	0.0	0.0	0.0	G	G
Wivenhoe Adult Gym	6.0	0.0	6.0	0.0	0.0	0.0	G	G
Tiptree Memorial Garden S106	42.0	0.0	42.0	0.0	0.0	0.0	G	G
Castle Park Cricket Pavilion Extension S106	125.0	0.0	125.0	0.0	0.0	0.0	G	G
Tiptree P C - Store & WCs S106	83.0	0.0	83.0	0.0	0.0	0.0	G	G
Industrial Vacuum Cleaner	20.0	20.0	20.0	0.0	0.0	0.0	G	G
Walls - new merged scheme	299.6	47.9	299.6	0.0	0.0	0.0	G	G
Mercury Theatre Redevelopment Phase 1	207.8	20.0	207.8	0.0	0.0	0.0	G	G
Mercury Theatre Redevelopment Phase 2	1,000.0	0.0	1,000.0	0.0	0.0	0.0	G	G
Relocation of Museum Resource Centre	683.6	124.5	683.6	0.0	0.0	0.0	G	G
TOTAL - Community Services	3,213.7	486.4	3,226.8	0.0	0.0	13.1		
REVOLVING INVESTMENT FUND								
Northern Gateway North	218.9	5.8	218.9	0.0	0.0	0.0	G	G
CNGN - Mile End Cricket	200.0	0.0	200.0	0.0	0.0	0.0	G	G
CNGN - Sports Hub	17,078.0	80.4	3,559.0	11,887.0	1,632.0	0.0	A	A
Northern Gateway South	410.9	86.6	410.9	0.0	0.0	0.0	A	A
Town Centre	5,157.7	30.1	366.7	4,791.0	0.0	0.0	G	G
Creative Business Centre	(169.5)	(119.3)	0.1	0.0	0.0	169.6	A	A
Jacks - St Nicholas St	969.3	45.1	969.3	0.0	0.0	0.0	G	G
Sheepen Road	1,390.9	496.0	1,390.9	0.0	0.0	0.0	G	G
District Heating Project North	8.2	0.0	8.2	0.0	0.0	0.0	G	G
Colchester Northern Gateway Heat Network	5,900.0	0.0	5,900.0	0.0	0.0	0.0	G	G
East Colchester Enabling Fund	271.0	0.0	271.0	0.0	0.0	0.0	G	G
Breakers Park	69.0	0.0	69.0	0.0	0.0	0.0	G	G
Surface Water Flooding - Distillery Lane/Haven Road	73.4	0.0	73.4	0.0	0.0	0.0	A	A
Site Disposal Costs	4.8	6.2	4.8	0.0	0.0	0.0	G	G
Moler Works Site	40.7	0.0	40.7	0.0	0.0	0.0	G	G
CMP Phase 3 - PV Systems	95.4	0.0	95.4	0.0	0.0	0.0	G	G
Business Broadband	20.6	0.5	20.6	0.0	0.0	0.0	G	G
Land Acquisition	345.3	0.0	150.0	195.3	0.0	0.0	G	G
TOTAL - RIF	32,084.6	631.4	13,748.9	16,873.3	1,632.0	169.6		

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected Expenditure			(Surplus) / Shortfall £'000	RAG Status	
			2017/18 £'000	2018/19 £'000	2019/20 £'000		Q1	Q4
HOUSING REVENUE ACCOUNT								
Housing Improvement Programme	9,338.0	18.0	9,338.0	0.0	0.0	0.0	G	G
Adaptations to Housing Stock	600.0	97.3	600.0	0.0	0.0	0.0	G	G
Sheltered Accommodation Review	1,112.0	8.9	1,112.0	0.0	0.0	0.0	G	G
Housing ICT Development	413.5	13.3	413.5	0.0	0.0	0.0	G	G
Higher Value Assets Levy	1,140.0	0.0	1,140.0	0.0	0.0	0.0	G	G
Council House New Build	0.0	2.1	0.0	0.0	0.0	0.0	G	G
TOTAL - Housing Revenue Account	12,603.5	139.6	12,603.5	0.0	0.0	0.0		
COMPLETED SCHEMES (OR WHERE RETENTION ONLY OUTSTANDING)								
Leisure World Skatepark	1.0	0.0	1.0	0.0	0.0	0.0		
Abberton Community Fund S106	100.0	100.0	100.0	0.0	0.0	0.0		
Priory Street Car Park	0.0	6.2	0.0	0.0	0.0	0.0		
Market Development	0.6	0.0	0.6	0.0	0.0	0.0		
Colchester Leisure World - Dryside Changing Rooms	0.0	(4.8)	3.2	0.0	0.0	3.2		
TOTAL - Completed Schemes	101.6	101.4	104.8	0.0	0.0	3.2		
CAPITALISED MAINTENANCE								
Crematorium - Gutters & Fascias	13.4	0.0	13.4	0.0	0.0	0.0	G	G
Town Hall - Bell Tower Repairs	17.4	(2.2)	17.4	0.0	0.0	0.0	G	G
Colchester Business Centre	40.0	0.2	40.0	0.0	0.0	0.0	G	G
TOTAL - CAPITALISED MAINTENANCE	70.8	(2.0)	70.8	0.0	0.0	0.0		

Changes to the Capital Programme 2017/18

£'000	Detail
Capital Receipts	
650.0	Housing Investment Programme 2017/18
650.0	Subtotal Capital Receipts
Revenue Contributions	
8,614.0	Housing Investment Programme 2017/18
20.0	Industrial vacuum cleaner for zones
(10.7)	Moot Hall Organ – remove unused funding
(10.2)	Shrub End pitch replacement – remove unused R&R funding
190.0	Tiptree Sports Centre new pitch – R&R funding
8,803.1	Subtotal Revenue S
Section 106	
(42.8)	Town Station Square – remove unused funding
100.0	Abberton Community Fund – Peldon Village Hall
57.2	Subtotal Section 106
External Borrowing	
2,024.0	Housing Investment Programme 2017/18
2,582.0	Colchester Northern Gateway Heat Network (Cabinet 15/03/17)
4,606.0	Subtotal External Borrowing
External Funding	
1,090.0	Disabled Facilities Grant 2017/18
3,318.0	Colchester Northern Gateway Heat Network (Cabinet 15/03/17)
(28.3)	Moot Hall Organ – remove unclaimed grant
19.8	Colchester Northern Gateway South – contribution to fees
32.3	Colchester Northern Gateway North – ECC
4,431.8	Subtotal External Funding
18,548.1	Total Change

Capital Programme – Significant areas of spend 2017/18

Scheme	Forecast for year £'000	2017/18 Spend Qtr. 1 £'000	Commentary
Operational Services			
Leisure World – health & fitness extension	954	311	Extension of Activa Gym & Redevelopment of offices to provide additional Studio space. Project completion by September 2017. Project is currently on budget. Work commenced on 3 April and is due to be completed on 8 September 2017. It is expected that all of the budget will be spent.
Professional Services			
Disabled Facilities Grants	1,000	46	This budget funds the mandatory support for adaptations for disabled people to enable them to remain living independently in their home. Expenditure is determined by customer demand. A large number and value of cases in the pipeline. Over the last 18 months, an arrangement has been in place whereby we have assisted clients in the process with access to the CBH adaptations contractor. This arrangement has ended in July/August. New arrangements are now in place, with a choice of contractors made available to clients. This has caused a slight hiatus in the processing of cases in procuring contractors. Expected that spend will increase dramatically in Q3 and Q4. Discussions are ongoing with health and social care partners to provide an enhanced DFG service and to use the DFG budget more innovatively. This work is likely to focus around providing adaptations for acute care patients to enable rapid hospital discharge and works to contribute toward reducing avoidable hospital admissions.
Community Services			
Mercury Theatre redevelopment Stage 2	1,000	0	Funding for the major redevelopment of the theatre. Budget consists of New Homes Bonus money agreed by Council. The Capital Programme will be updated to reflect other contributions (e.g. the Arts Council) when these are confirmed.
Revolving Investment Fund			
Northern Gateway - Heat Network	5,900	0	Installation of an 'infrastructure first' heat network scheme within the new Colchester Northern Gateway destination to provide a sustainable, affordable, low carbon district heating system to businesses and homes. Technical expert appointed to support the feasibility and design work.

Capital Programme – Significant areas of spend 2017/18

Scheme	Forecast for year £'000	2017/18 Spend Qtr. 1 £'000	Commentary
Northern Gateway - Sports Hub	3,559	80	Detailed cost review completed including value engineering omission of secondary items and revised funding package agreed at Cabinet in August 2017. To be reported to Full Council in November 2017 for approval. Work on planning application underway aiming for January submission. Capital expenditure from late Spring 2018 with fees expenditure mostly 2017/18.
Sheepen Road	1,391	496	Work completed and lease finalised at beginning of June. Final accounts being prepared. Cabinet has agreed to reallocate the forecast under-spend of £500k to phase 2.
Jacks - St Nicholas St	969	45	The Council proposes to bring forward an improved retail outlet on the ground floor, with 7 residential flats as part of the scheme. Planning permission, subject to conditions, agreed. Tenders have been received and are being analysed.
Housing Revenue Account			
Housing Improvement Programme	9,338	18	Scheme to maintain council housing stock at the Decent Homes standard together with other works to improve and maintain council homes. The programme is devised using information from the Council's 30 year asset management strategy. The profile of expenditure throughout the year is dependent on when works are completed to properties by contractors, and subsequently submitted to the Council for reimbursement. Work to review the asset management strategy to realign it to the revised HRA business plan is under way.
Sheltered Accommodation Review	1,112	9	Improvements made to Council's sheltered housing accommodation Refurbishment work was completed at Enoch House in July 2017; refurbishment is planned to start at Harrison Court in the late Summer/Autumn but due to the constraints placed on the HRA a scaled down budget has been agreed.
Higher Value Assets Levy	1,140	0	This allocation is setting resources aside to meet the estimated impact of the disposal of higher value voids levy, which the Government are using to fund the extension of the Right To Buy for Registered Provider tenants introduced as part of the Housing and Planning Act 2016. £700k was saved from last year's programme and a further £1million set aside from the Capital programme this financial year which has been earmarked for the expected Government levy. The introduction of this levy is expected to be delayed further and is now not anticipated to come into force until 18/19 and therefore may not be spent this financial year, as agreed with the Portfolio Holder.

Capital Programme – ‘Amber’ schemes Qtr 1 2017/18

Scheme	Spend to Qtr. 1 £'000	Commentary
Operational Services		
Shrub End Depot	0	Whilst there is not currently a financial risk, discussions with ECC are ongoing with regard to the potential redevelopment of the Recycling Centre for Household waste at Shrub End. Negotiations on land are also ongoing between Estates and ECC. The outcomes of these will feed into the options for the Council's Depot development alongside other potential sites.
Professional Services		
Disabled Facilities Grants	46	See Appendix C
Community Services		
Oak Tree Community Centre Roof	1	Temporary weathertight works to the roof were actioned whilst the permanent roof works were being specified and quoted for. Tenders have returned and some unforeseen works will potentially exceed funding available, so project may overspend budget by £13k.
Garrison Gymnasium Rebuild	3	The Garrison Gym project is progressing, and building works for the final phase are due to complete early in 2018 after which the Mercury Theatre will take up temporary tenancy of the building, which will also be available for wider community use. During 2018 a formal process is likely to commence for the longer term tenancy of the building, and community groups and voluntary sector organisations have already participated in an open afternoon to view the building and discuss the sort of commitment this would require. This approach has provided a short term agreement which secures the building and opens it up to community use as soon as possible, while at the same time provides possible longer term plans to be developed by Community Groups either independently or in partnership, and possible funding streams identified for sustainable longer term occupancy and management of the building.
Revolving Investment Fund		
Northern Gateway – Sports Hub	80	See Appendix C
Northern Gateway South	87	The Turnstone full application was approved by Planning Committee on 13 July 2017. We currently await advice from the Secretary of State as to whether this decision will be called in.

Capital Programme – ‘Amber’ schemes Qtr 1 2017/18

Scheme	Spend to Qtr. 1 £'000	Commentary
Surface Water Flooding - Distillery Lane/Haven Road	0	Joint project with Anglian Water (AW) and ECC to try to resolve the issue of surface water flooding at Haven Road. AW have fitted a valve in the quay in an effort to prevent tidal water from the river flooding Haven Road. CBC has undertaken dredging at a cost of £4,125 and has agreed to contribute to a feasibility study at £5,000. Depending on the results on the feasibility study CBC has approx. £73,000 of s.106 funding for a capital scheme. ECC currently working on the feasibility study and early indications are that a comprehensive solution will not pass the cost benefit ratio to receive central Government funding. There is continual tidal flooding from unknown ECC Highway drains which we believe ECC Highways continue to investigate. CBC continue to monitor a project to be delivered by others.
Creative Business Centre	0	Project complete, final accounts to be agreed by September 2017. Expenditure against this project is higher than the current budget due to the poor condition of the building structure, and the over-spend will be sought from elsewhere in the RIF budget.

Status Key

Status	Definition	Action
Red	There are significant issues with one or more aspects of the scheme (time, cost, scope), which require corrective action to meet the project objectives. The issue cannot be mitigated by the project manager or project team.	Escalate to project sponsor immediately. Highlight to PMB and the Scrutiny Panel.
Amber	One or more aspects of the project are at risk and are being flagged. Project performance is expected to be addressed by the project manager or project team.	Briefing to project sponsor. Report as part of overall summary.
Green	All aspects of the project are performing to plan.	No action required. Report as part of overall summary.

19 September 2017

Report of	Assistant Director (Policy & Corporate)	Author	Jonathan Baker ☎ 282207
Title	Work Programme 2017-18		
Wards affected	Not applicable		

This report sets out the current Work Programme 2017-2018 for the Governance and Audit Committee.

1. Decisions Required

- 1.1 The Committee is asked to note the contents Committee's Work Programme for 2017-18.

2. Alternative options

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

3. Introduction

- 3.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.
- 3.2 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.

4. Strategic Plan References

- 4.1 Governance is integral to the delivery of the Strategic Plan's vision themes of a vibrant, prosperous, thriving and welcoming Borough.
- 4.2 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.

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.

WORK PROGRAMME 2017-18

Meeting date / Agenda items
Governance and Audit Committee - 27 June 2017
Governance and Audit Committee briefing – 26 June 2017
<ol style="list-style-type: none"> 1. 2017/18 Audit and Certification Fees letter 2. Draft Annual Statement of Accounts 2016/17 3. Review of Meetings and Ways of Working 4. Year End Internal Audit Assurance Report 2016/17 5. Review of the Governance Framework and Draft Annual Governance Statement
Governance and Audit Committee - 25 July 2017
Governance and Audit Committee briefing – 20 July 2017
<ol style="list-style-type: none"> 1. Annual Statement of Accounts 2016/17 2. 2016/17 Year End Review of Risk Management 3. Colchester Borough Homes Annual Report and Governance Statement
Governance and Audit Committee - 19 September 2017
Governance and Audit Committee briefing – 18 September 2017
<ol style="list-style-type: none"> 1. Complaint in relation to Councillor Lilley 2. Local Government and Social Care Ombudsman Annual Review 2016/17 3. Publication of Annual Statement of Accounts 2016/17 4. Financial Monitoring Report – April to June 2017 5. Capital Expenditure Monitor 2017/18
Governance and Audit Committee - 17 October 2017
Governance and Audit Committee briefing – 10 October 2017
<ol style="list-style-type: none"> 1. Health and Safety Policy and Annual Report 2. Review of the Council's Ethical Governance Policies 3. Review of the Members' Code of Conduct and the Council's "Arrangements" 4. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers 5. Review of Local Code of Corporate Governance 6. Income and Debt Policy 7. Equality and Safeguarding Annual Update 8. Member/Officer Protocol Review
Governance and Audit Committee - 28 November 2017
Governance and Audit Committee briefing – 21 November 2017
<ol style="list-style-type: none"> 1. Annual Audit Letter 2. Internal Audit Work Programme 2017/18 3. Annual Review of Business Continuity 4. Treasury Management – Half Yearly Update
Governance and Audit Committee - 16 January 2018
Governance and Audit Committee briefing – 11 January 2018
<ol style="list-style-type: none"> 1. Certification of Claims and Returns – Annual Report 2016/17 2. Risk Management Progress Report

3. 2017-18 Interim Internal Audit Monitor 4. Annual Governance Statement Interim Review 5.
Governance and Audit Committee - 6 March 2018
Governance and Audit Committee briefing – 26 February 2018
1. Audit Plan 2017/18 2. 2017-18 Revenue Monitor, period April – December 3. 2017-18 Capital Monitor, period April – December

