

# Cabinet Meeting

**Grand Jury Room, Town Hall, High Street,  
Colchester, CO1 1PJ  
Wednesday, 14 October 2015 at 18:00**

**The Cabinet** deals with the implementation of all Council services, putting into effect the policies agreed by Full Council and making recommendations to Full Council on policy issues and the budget.

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**COLCHESTER BOROUGH COUNCIL**  
**Cabinet**  
**Wednesday, 14 October 2015 at 18:00**

**Members:**

Leader and Chairman	Councillor Paul Smith (Liberal Democrats) Councillor Tina Bourne (Labour) Councillor Mark Cory (Liberal Democrats) Councillor Annie Feltham (Liberal Democrats) Councillor Bill Frame (Liberal Democrats) Councillor Dominic Graham (Liberal Democrats) Councillor Beverley Oxford (Highwoods and Stanway Independent) Councillor Tim Young (Labour)
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**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 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.

**3 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.

#### **4 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 Cabinet 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 Cabinet not on this agenda.

#### **5 Minutes**

To confirm as a correct record the minutes of the meeting held on 2 September 2015.

**6 Call-In Procedure**

To consider any items referred by the Scrutiny Panel under the call-in procedure. At the time of the publication of this agenda, there were none.

**7 Communities and Leisure Services**

- 7(i) **Leisure World Colchester Strategy and Business Plan** 19 - 24  
See report by the Head of Operational Services

**8 Strategy/Resources**

- 8(i) **2016/17 Revenue Budget** 25 - 36  
See report by the Assistant Chief Executive

**9 Street and Waste Services**

- 9(i) **Update on the Waste Prevention and Recycling Options Appraisal Task and Finish Group** 37 - 42  
See report by Head of Operational Services

**10 Resources**

- 10(i) **2014/15 Year End Review of Risk Management** 43 - 72  
See report by the Assistant Chief Executive and the extract from the minutes of the Governance Committee meeting on 8 September 2015.

- 10(ii) **Internal Audit Contract Tender** 73 - 74  
See report by the Assistant Chief Executive

**11 General**

- 11(i) **Progress of Responses to the Public** 75 - 76  
To note the contents of the Progress Sheet

**12 Exclusion of the Public (Cabinet)**

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example 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)

**13 Communities and Leisure Services (Part B)**

**13(i) Leisure World Colchester Strategy and Business Plan (Part B)**

**The following report contains exempt information (financial/business affairs of a particular person, including the authority holding the information) as defined in paragraph 3 of the Part 1 of Schedule 12A to the Local Government Act 1972.**

See report by the Head of Operational Services and minute 86 from the meeting of the Trading Board on 23 September 2015.

## **CABINET**

### **2 September 2015**

*Present:-* Councillor Smith (Chairman)  
Councillors Bourne, Cory, Frame, Graham, B. Oxford  
and T. Young

Also in attendance: - Councillors Barton, Hardy, Hazell, T, Higgins, Jarvis,  
Knight, Laws, Lissimore, Locker, Scott and Willetts

#### **19. Minutes**

*RESOLVED* that the minutes of the meeting held on 8 July 2015 be approved as a correct record.

#### **20. Have Your Say!**

Councillor Locker addressed the Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1). He had recently completed a consultation on the future use of the market and street traders, which he considered to be of poor quality. He noted that it had been written by a company called Quarterbridge who had also undertaken consultation exercises on market schemes in Seven Sisters and Woking. Directors from Quarterbridge had then also been involved in companies appointed to manage these markets. He requested further information on how Quarterbridge were appointed, whether due diligence had been conducted and whether they had been given any indication that they would be able to bid to manage Colchester market.

Councillor T. Young, Portfolio Holder for Community Safety, Licensing and Culture, indicated that he would look into the situation but that contractors were appointed in an open and competitive way. Quarterbridge had not been asked to take on a role in managing the Colchester Market.

Adrian Pritchard, Chief Executive, was invited to address the Cabinet and assured Cabinet that Quarterbridge had been appointed following the normal procurement procedure and that due diligence had been undertaken. They were one of the top companies in this field. Council officers had not given any indication to them that they would have a role in managing the market.

Andy Hamilton addressed the Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1). He noted that Firstsite had recently appeared at the Scrutiny Panel. The wishes of the public were ignored as the Council continued to support Firstsite. He

believed that the Council's failure to act in the public interest was also shown by allowing Mingles to open and to continue to operate. He had informed the Council of breaches in planning conditions and he had been assaulted and abused whilst protesting outside the premises.

Councillor T. Young, Portfolio Holder for Community Safety, Licensing and Culture, responded that there was a groundswell of support for Firstsite under its new leadership. He was keen to make Firstsite an organisation that Colchester could be proud of. The Council was renegotiating the financial support it provided to all the major arts organisations in Colchester.

Councillor Frame, Portfolio Holder for Economic Growth and Planning, indicated that in respect of Mingles he would ask officers to check if there had been breaches of planning or licensing conditions and would respond to Mr Hamilton in due course.

Councillor Willetts addressed the Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1) to stress the benefits of Local Enterprise Zones, which the government was using to help develop small cities and large towns. They would help stimulate job creation, which was lagging behind house building in Colchester. Businesses in a Local Economic Zone gained many advantages, such as tax relief and reductions in business rates. He urged the administration to consider a Local Enterprise Zone based around the Knowledge Gateway and the Hythe. The deadline for bids for areas to be designated as Local Enterprise Zones was 18 September 2015.

Councillor Frame, Portfolio Holder for Economic Growth and Planning, indicated that he would respond in writing in due course.

Councillor Scott addressed the Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1) to ask that Cabinet take the lead in demonstrating how Colchester could help deal with refugees from the Middle East. There was a long history of refugees being offered asylum in the United Kingdom. The United Kingdom was at the forefront of the development of the Convention on Refugees and in developing rights for refugees. Government action took time to implement so local action was important. A number of local groups were taking supplies to refugee camps in France. However, more could be done and the Council should consider whether it could take in 10 refugee families.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, thanked Councillor Scott for her comments and stressed that Colchester had a long history of welcoming and supporting immigrant communities.

## **21. Colchester's Economic Growth Strategy 2015-2021**

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member.

Councillor Jarvis attended and with the consent of the Chairman addressed the Cabinet about the St Botolphs and Vineyard Gate schemes. He stressed that he was in regular contact with officers and was due to meet the Portfolio Holder shortly. He believed that the Vineyard Gate scheme was close to being moribund due to a lack of interest from major retailers in providing the anchor store. As regards St Botolphs it was rumoured that



the Curzon cinema would not be going ahead, which would also have an impact on the Wonderhouse and Creative Business Centre projects. The position on these projects needed to be stated honestly and clearly. Without these schemes, the Economic Growth Strategy was unachievable

The Cabinet received a presentation from Nigel Myers, Economic Growth Manager, which set out the recent economic success of Colchester and the Council's contribution towards achieving this. Colchester now had a buoyant and resilient economy which had been classified the 51<sup>st</sup> strongest in the country for growth. There was still more to do, particularly in developing skills and employability. The Strategy had five key priorities:-

- Job creation;
- Raising the employability and skill levels of residents;
- Creating and retaining businesses;
- Improving Colchester's infrastructure;
- Securing inward investment and funding.

Councillor Frame, Portfolio Holder for Economic Growth and Planning, explained that he would provide further information to Councillor Jarvis when he met him. However, he was not aware of any information that Curzon were seeking to withdraw from the St Botolph's scheme. He highlighted the scale of inward investment in Colchester, such as the refurbishment of Williams and Griffin and the George Hotel, which was indicative of the strength of the local economy. The Economic Growth Strategy 2015-2021 was ambitious and would build on the success of the previous Strategy.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, Councillor Cory, Portfolio Holder for Resources and Councillor Graham, Portfolio Holder for Street and Waste Services, also expressed their support for the Economic Growth Strategy 2015-2021 and highlighted in particular the evidence of the strength of Colchester's economy. One of the benefits of a buoyant local economy was that it helped strengthen the Council's financial position as council tax and business rates receipts increased and benefit claims were reduced.

*RECOMMENDED TO COUNCIL* that the Colchester Economic Growth Strategy 2015 to 2021 be adopted and included in the Council's Policy Framework.

#### *REASONS*

The Strategy recognises the need and responsibility to provide an overarching vision and framework of action for economic development and growth in the Borough.

#### *ALTERNATIVE OPTIONS*

The alternative would be not to produce a Strategy. This would represent a missed opportunity to fully capitalise on economic development and growth in the Borough. Also this omission may not meet the Council's responsibilities to promote and improve well-being under the Local Government Act 2000.

## **22. Establishment of a "Friendship City Relationship" with the City of Yangzhou,**

## **People's Republic of China**

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member. This was an urgent report that the Chairman had agreed should be considered at the meeting as a matter of urgency. The urgency arose from the fact that this was the last Cabinet meeting before the Mayor's visit to China on 27 September – 1 October 2015, when the agreement would be signed.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy explained that this was an exciting opportunity to strengthen the economic relationship with the world's second largest economy. The links that would develop with Yangzhou as a consequence would be useful and profitable for Colchester.

The Mayor, Councillor Theresa Higgins, attended to thank the Cabinet for considering the Friendship City Agreement. The invitation had arisen from a visit from the Mayor of Yangzhou to Colchester last year. It was a great honour to be invited to represent Colchester and to sign the agreement on behalf of Colchester.

*RESOLVED* that the Mayor of Colchester be authorised to sign a "Friendship City Relationship" agreement with the City of Yangzhou, People's Republic of China.

### *REASONS*

The Borough of Colchester signed a Memorandum of Understanding (MoU) with the City of Yangzhou in 2007 to encourage the development of ties between the two communities and in October 2014 the Mayor of Colchester and the Leader of the Council hosted visitors from Yangzhou in Colchester in order to further the aims of the MoU for the mutual benefit of both the Borough of Colchester and the City of Yangzhou.

As a direct result of that visit, the Mayor of Colchester has been invited by the City of Yangzhou to attend the City's 2,500 year anniversary celebrations at the end of September 2015 as a next step in the developing relationship between the two communities.

As part of the visit the City of Yangzhou has proposed that a signing ceremony is held for both the Borough of Colchester and the City of Yangzhou to sign formally a "Friendship City Relationship" agreement. This report asks for Cabinet's authorisation for the Mayor of Colchester to sign this agreement on behalf of the Council.

### *ALTERNATIVE OPTIONS*

Not to authorise the Mayor of Colchester to sign the agreement which would exclude Colchester from exploiting opportunities of mutual benefit in the fields of economy, trade, science and technology, culture, education, sports, health, personnel with the City of Yangzhou.

## **23. Implementing the Environmental Sustainability Strategy – Signing Up to the LGA Climate Local Commitment**

The Head of Commercial Services submitted a report a copy of which had been circulated

to each Member.

Councillor Laws attended and with the consent of the Chairman addressed the Cabinet to express his support for the LGA Climate Local Commitment. However, it was important that this was followed up with concrete actions. He highlighted the loss of cycle racks on the High Street which was not consistent with the spirit of the Commitment.

Councillor T. Young, Portfolio Holder for Community Safety, Licensing and Culture, explained that this arose from the Nottingham Declaration. Signing the LGA Climate Local Commitment and approving the Action Plan would keep the Council at the leading edge of the climate change agenda and it would demonstrate its commitment to tackling climate change in its role as a community leader, as a service provider and as an estate manager.

*RESOLVED* that:-

- (a) Colchester Borough Council (CBC) become a signatory of the Local Government Association (LGA) initiative 'Climate Local'.
- (b) The Climate Local Action Plan at Appendix 1 of the Head of Commercial Services report be approved.
- (c) The reporting and monitoring requirements set out in paragraph 5.3 of the Head of Commercial Services report be agreed.
- (d) The Leader of the Council be authorised to sign the LGA Climate Local Commitment.

*REASONS*

Environmental sustainability is a strategic priority for the Council and the Environmental Sustainability Strategy (ESS) 2015-2020 was adopted in January 2015. As part of the adopted strategy a key deliverable is for CBC to consider becoming a signatory of the LGA initiative 'Climate Local'.

Becoming a signatory to Climate Local will help the Council to take the next step on from the Nottingham Declaration, which it signed up to in 2008, and will demonstrate an on-going commitment to reducing the Council's own carbon emissions from its buildings, services and operations. It will also help to capture the outcomes in the work it does to support communities to become more resilient to the changing world.

*ALTERNATIVE OPTIONS*

To not sign the Climate Local Commitment. There is no significant negative impact for the Council if it does not sign up to Climate Local, but by doing so it does present an ideal opportunity to highlight how well the Council is working to reduce its own carbon emissions; how we are working with communities to help them become more resilient to climate change; and the expectations the Council has for suppliers and partners to demonstrate good "green" practices and lead on their own carbon reduction projects.

## **24. Grounds Maintenance Contract**

The Head of Community Services submitted a report a copy of which had been circulated to each Member.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, highlighted that in order to encourage interest from small and local companies, the contract would be offered in lots. Contractors would be able to bid for individual or a combination of lots. The successful contractors would also be required pay those engaged on the contract the living wage

*RESOLVED* that:-

- (a) The evaluation matrix to be used to assess and compare the grounds maintenance tenders be agreed.
- (b) Authority to award the grounds maintenance contract be delegated to the Portfolio Holder for Communities and Leisure Services on the basis of the evaluation matrix.

### *REASONS*

The evaluation matrix is an important part of the tendering process describing the means by which tenders are assessed. The matrix forms part of the tender documents and provides the transparency for tender evaluation so that competing tenderers know how their submissions are to be assessed. The evaluation criteria are clearly stated and remove the potential for challenge to award decisions. The evaluation criteria identify aspects that are important in contract evaluation and enable a range of factors to be taken in to account when identifying the most economically advantageous tender submission

As set out in the Scheme of Delegation of the Council Constitution, the Portfolio Holder for Communities and Leisure Services has delegation to procure the specified service in the provision, implementation, maintenance and management of:-

1. Sports and leisure facilities, parks and gardens, allotments, playing fields, beach facilities, public open spaces, amenity areas and country parks.

Grounds maintenance is a fundamental element of the service provision and the award of the contract will be determined by the Leisure and Communities Portfolio Holder following evaluation of the tenders using the agreed evaluation matrix. Due to the importance and value of the contract it is considered that the decision should be made by the Portfolio Holder.

### *ALTERNATIVE OPTIONS*

An evaluation matrix is a requirement of the procurement regulations to ensure a transparent process and to give clarity to all of the factors that are to be taken in to account as part of the tender evaluations. The evaluation matrix must be made available to all tenderers as part of the procurement process. There is no option not to produce an evaluation matrix.

## **25. Centralised CBC Events Management Service**

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member.

Councillor Havis, Chairman of Trading Board, attended and with the consent of the Chairman, addressed the Cabinet. The Trading Board had unanimously endorsed the Events Management Business Case. This was a robust business case which would bring together the Council's events and venues under Commercial Services. This would bring significant financial and operational benefits and would provide an enhanced service to visitors and residents.

Councillor Willetts attended and with the consent of the Chairman, addressed the Committee to express his support for the Events Management Business Case. Events Management was a complex process with specialist activities such as marketing and ticketing. The proposals in the Business Case would enable outside expertise to be brought in and for specialist skills to be developed. The economies of scale would lead to the creation of a strong commercial organisation which could develop into a stand-alone company.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, thanked the Trading Board for their work in bringing forward the proposals. He emphasised that whilst the administration may be supportive of giving greater economic freedom to its commercial services it ensured that the profits of such services were re-invested in Council services, rather than to shareholders of a plc.

*RESOLVED* that the contents of the Head of Commercial Services report, which provides some background to the recommendation from Trading Board on the Events Management Business Case in part B of the agenda, be noted.

#### *REASONS*

At its meeting on 5 August 2015, the Trading Board made a recommendation to Cabinet on a Centralised Colchester Borough Council Events Management Business Case. The reports considered by Trading Board contained exempt information and were therefore published on part B of the agenda. Accordingly the Trading Board moved a motion that the public be excluded from the meeting before the item was considered. Therefore the minute of the meeting containing the recommendation from Trading Board is published on part B of this agenda as it also contains exempt information.

The Head of Commercial Services report sets out some background and context to the decision that Cabinet is being invited to make.

#### *ALTERNATIVE OPTIONS*

No alternative options are proposed.

### **26. Year End 2014/15 Performance Report and Strategic Plan Actin Plan**

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member together with minute 20 from the Scrutiny Panel meeting of 18 August 2015.

Councillor Davies, Chairman of the Scrutiny Panel, attended and with the consent of the Chairman addressed the Cabinet. She expressed the Scrutiny Panel's concern about the performance on KPI K1 RS on staff sickness rates. This was higher than last year and was not consistent with the assertions made about staff morale in the staff survey. Staff sickness had an impact on all aspects of Council services. There was a need to consider mindfulness as well as physical health.

Councillor Lissimore attended and with the consent of the Chairman, addressed the Cabinet to suggest that a new KPI on rates of missed recycling collection should be introduced. She believed that many residents did not recycle as when they did so, it was not collected, with no explanation as to why. Operatives should be giving advice as to why recycling was not collected. Recycling rates would only increase if the Council took responsibility for educating residents in how to recycle. She also expressed her disappointment that the consultation on waste and recycling issues had not gone ahead as suggested by the Waste and Recycling Task and Finish Group

Councillor Graham, Portfolio for Street and Waste Services, responded that whilst the timescale was yet to be agreed, the format of the consultation would be as suggested by the Task and Finish Group. The timescale would be discussed at the forthcoming meeting of the Task and Finish Group, of which Councillor Lissimore was a member. The missed collection rate was extremely low at 0.032%, which indicated that this was not a significant issue that required formal monitoring through a KPI.

Councillor T. Young, Portfolio Holder for Community Safety, Licensing and Culture, stressed that he felt it was unfair to criticise the operatives, who worked very hard in difficult conditions to provide an excellent service.

Councillor Cory, Portfolio Holder for Resources responded to the comments made on staff sickness. The situation was improving and it was anticipated that this would be a "green" indicator next year. Staff morale and engagement with change was improving and some of the more longstanding cases of extended sickness absence had now been tackled.

*RESOLVED* that:-

- (a) The performance update for the Council's key performance measures for the year ending 31 March 2015 at Appendix 1 of the Assistant Chief Executive's report be noted
- (b) The set of indicators proposed for 2015/16 at Appendix 1 of the Assistant Chief Executive's report be agreed.
- (c) The progress update of the Strategic Plan Action Plan for the year ending 31 March 2015 at Appendix 2 to the Assistant Chief Executive's report be noted.

## *REASONS*

The Council has agreed a number of key performance areas which it uses as part of its Performance Management Framework to help monitor progress and improvement. The Assistant Chief Executive's report provides an update on our indicators and a review of

progress against our Strategic Plan Action Plan along with proposals for 2015/16 indicators.

#### *ALTERNATIVE OPTIONS*

No alternative options were proposed.

### **27. New Strategic Plan Action Plan**

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member together with minute 23 from the Scrutiny Panel meeting of 18 August 2015.

*RESOLVED* that:-

- (a) The new Strategic Plan Action Plan (SPAP) be approved.
- (b) The plans to develop further items for the SPAP to be added for year 2 be approved.
- (c) Plans to assign the funding allocated for the Strategic Plan be approved.

#### *REASONS*

Cabinet approved a new Strategic Plan in February 2015 which describes the organisation's ambitions for the borough. At that time Cabinet asked officers to prepare a new action plan to achieve these ambitions.

This action plan includes actions to achieve each of the priorities in the Strategic Plan, some of which will take several years to achieve.

Officers are working on developing new ideas for the SPAP that were generated at a recent officer Masterclass. Once these are ready, Cabinet will be asked to approve their addition for the start of the second year of this plan.

Cabinet agreed to allocate £547,000 from the New Homes Bonus in the 2015/16 budget to support actions for delivery of the Strategic Plan in areas where it is felt additional resource is needed. During the first year more detailed plans will be developed for spending on specific projects.

#### *ALTERNATIVE OPTIONS*

It was open to the Cabinet not to approve the SPAP or to approve it subject to amendments.

### **28. Local Government Ombudsman – Annual Review 2014-15**

The Monitoring Officer submitted a report a copy of which had been circulated to each Member.

Councillor Hazell attended and with the consent of Chairman, addressed the Cabinet and noted the number of complaints to the Local Government Ombudsman had increased by a third. Each complaint needed to be taken seriously and should be subject to scrutiny to

see what lessons could be learnt.

Councillor B. Oxford, Portfolio Holder for Customers, explained that the Local Government Ombudsman Service provided an independent avenue for resident to complain and to hold the Council to account. The Council welcomed complaints as they provided a way of improving services. Only one complaint had been upheld by the Ombudsman and in that case the Ombudsman had ruled that the complainant had suffered no injustice.

*RESOLVED* that the contents of the Local Government Ombudsman's Annual Review Letter be noted.

#### *REASONS*

To inform the Cabinet of the number of complaints received by the Local Government Ombudsman in relation to Colchester during 2014/15.

#### *ALTERNATIVE OPTIONS*

No alternative options were proposed.

### **29. Progress of Responses to the Public**

The Assistant Chief Executive submitted a progress sheet a copy of which had been circulated to each Member.

*RESOLVED* that the contents of the Progress Sheet be noted.

#### *REASONS*

The progress sheet was a mechanism by which the Cabinet could ensure that public statements and questions were responded to appropriately and promptly.

#### *ALTERNATIVE OPTIONS*

No alternative options were presented to the Cabinet.

**The Cabinet resolved under Section 100A(4) of the Local Government Act 1972 and the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.**

### **30. Minutes**

*RESOLVED* that the not for publication extract from the minutes of the meeting held on 8 July 2015 be approved as a correct record.

**The Cabinet resolved under Section 100A(4) of the Local Government Act 1972 and**



**the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.**

### **31. Centralised CBC Events Management Service**

The minute from the Trading Board meeting of 5 August 2015 about the Centralised CBC Events Management Service was submitted to Cabinet. The Cabinet also had before it the report to Trading Board and the Colchester Events Management Business Plan.

*RESOLVED* that the Events Management Business Case be approved and the next actions as set out in the minute from Trading Board be agreed:

#### *REASONS*

The Events Management Business Case proposed bringing together Colchester Borough Council's events venues under Commercial Services which would bring significant financial and operational benefits.

#### *ALTERNATIVE OPTIONS*

Not to approve the Events Management Business Case



<b>Report of</b>	<b>Head of Operational Services</b>	<b>Author</b>	<b>Matthew Young</b>
<b>Title</b>	<b>Leisure World Colchester Strategy and Business Plan</b>		
<b>Wards affected</b>	Not applicable		

**This report concerns the next level of development in Leisure World Colchester to ensure it can grow its income as well as maintain its market share**

**1. Decision(s) Required**

- 1.1 The Cabinet are asked to approve the Strategy and Business Plan for Leisure World Colchester that covers the period 2016 to 2020.
- 1.2 Cabinet to confirm the funding proposal set out in Section 9 of this report for the investment required by this Strategy and Business Plan.

**2. Reasons for Decision(s)**

- 2.1 The Strategy and Plan is designed to ensure that Leisure World Colchester is given the opportunity to continue the growth that has resulted from the improvements introduced as part of the Fundamental Service Review (FSR) of Sport & Leisure. This will put it in the best position to maintain its share in a competitive marketplace as well as grow its income by attracting new customers.
- 2.2 As the Strategy and Plan does contain commercially sensitive information that would be useful to direct competitors of individual services provided at Leisure World Colchester the detailed Plan is on Part B of this meeting's agenda.

**3. Alternative Options**

- 3.1 Other options could range from no investment to even further expansion of the facilities available. However, it is felt that the option presented in this Business Plan represents the best option for retaining customers and growing the business.

**4. Supporting Information**

- 4.1 The FSR of Sport & Leisure set out a plan for the development and commercialisation of the Sport and Leisure Service over a three year period with the aim of achieving recurring annual savings and income of £0.8m by the end of the 2014/15 financial year.
- 4.2 By the end of the last financial year the service had achieved the objectives and targets set out in the FSR and the Sport & Leisure service has proved itself to be a successful commercial business for the Council.
- 4.3 However, it is important that the business does not stand still as it exists in a crowded and competitive market which moves rapidly to attract people's disposable income. The

Strategy and Business Plan document on Part B of this agenda sets out the next level of development for the service to ensure it can grow as well as maintain its market share.

- 4.4 It is important to note that this Plan has been created by analysing the market opportunities and studying the latest successful developments in the sport and leisure industry.
- 4.5 The Strategy and Business Plan is attached as Appendix One to the report on Part B of this agenda. It focusses on the commercial business at Leisure World Colchester rather than the wider Sport & Leisure service as that is where the opportunity to generate more income lies. It contains a vision for this part of the service moving forward and the opportunities for growth based on market insights ranging from national policy to local indicators. It sets out in detail the business growth plan and the financial investment and income growth projections.
- 4.6 The Strategy and Plan was submitted to the Trading Board and their comments in relation to the document are included as Appendix One to this report. The Trading Board recommended that the Cabinet approve the Strategy and Business Plan for Leisure World Colchester 2016-20 and consider how it fund the investment required.

## **5. Proposals**

- 5.1 When it comes to investment and growth the Strategy and Business Plan focusses on four areas in detail:

- Two which have capacity to grow and earn significantly more income
- One which needs to be improved and refreshed to retain its market share that will also allow modest income increases
- One which has capacity to bring in more income although not at the levels of the other two identified

All need levels of investment, but payback can be demonstrated.

- 5.2 There are other areas of growth and service improvement identified across the business that will be funded from existing revenue budgets.

## **6. Strategic Plan References**

- 6.1 The Strategy and Business Plan directly links to the following objectives in the Strategic Plan for Colchester:
- VIBRANT: Enhance the diverse retail and leisure mix supporting independent businesses valued by residents and visitors
  - VIBRANT: Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life
  - VIBRANT: Create the right environment for people to develop and flourish in all aspects of life both business and pleasure
  - THRIVING: Promote Colchester's heritage and wide ranging tourism attractions to enhance our reputation as a destination
  - WELCOMING: Improve sustainability, cleanliness and health of the place by supporting events that promote fun and wellbeing

## 7. Consultation

- 7.1 Following a thorough consultation exercise in the sport and leisure industry, the Plan sets out evidence from national, regional and local sources that demonstrate there is potential to increase Leisure World Colchester's market share even further.
- 7.2 However, it is recognised that one of the areas for improvement is customer consultation and it is planned to establish a customer panel that will be active in advising how the Plan should be implemented. This should be an important tool for customer retention which is as vital as attracting new business.

## 8. Publicity Considerations

- 8.1 If the plan is agreed by Cabinet the improvements at Leisure World Colchester will be publicised to existing and potential customers through a variety of media. There will be a full and detailed Marketing Plan drawn up to ensure that every opportunity to advertise the developments is grasped.
- 8.2 It is recognised that 'word of mouth' has been very successful over the last two to three years in attracting new customers to the facility and a campaign to encourage existing customers to talk positively to their friends and family will be undertaken.

## 9. Financial Implications

- 9.1 All the financial details are set out in the Strategy and Business Plan on Part B of this agenda in the individual section requiring investment and summarised in section 5. The Sport & Leisure Budget for 2015/16 is attached to the Plan as appendix A
- 9.2. The projected high-level financial benefits and investment resulting from all the proposals in the business plan show:-
- A required investment of £1.5m
  - Total additional net income over 2016/17 to 2019/20 of £987k
  - A corporate inflation saving of £500k over the same period
- 9.3. The projections over the next four years are summarised in the following table

	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000
<b>Investment</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,500</b>
Forecast additional income	(51)	(199)	(351)	(422)	(1,023)
Additional revenue costs	3	7	11	15	36
<b>Net additional income</b>	<b>(48)</b>	<b>(192)</b>	<b>(340)</b>	<b>(407)</b>	<b>(987)</b>
<b>Reduction in corporate inflation allowance</b>	<b>(50)</b>	<b>(100)</b>	<b>(150)</b>	<b>(200)</b>	<b>(500)</b>

- 9.4. The investment required of £1.5million is currently not in the budget. The majority of the cost is likely to be charged to capital. The budget update report on this agenda provides an update on the capital programme and also forecasts for the New Homes Bonus in 2016/17. At this stage it is assumed that the majority of investment will come from the New Homes Bonus, with some possible sums also coming from relevant S106 sums.

- 9.5. This will be dependent on the actual New Homes Bonus grant for 2016/17 which is expected to be announced in December. It is therefore recommended that Cabinet approve the plan subject to a final decision on funding being dealt with as part of the 2016/17 budget.

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

- 10.1 The Strategy and Business Plan responds directly to customer demand and feedback. It is built upon meeting customer needs for the period 2016-20 including the needs of vulnerable groups such as people with disabilities.

The Strategy and Business Plan helps us to 'advance equality of opportunity...' in the following way(s):

- Leisure World Colchester facilities are available to the whole community, regardless of gender, gender reassignment, disability, sexual orientation, religion or belief, age and ethnicity; on a pay-as-you-go basis as well as via membership. Concession rates are available and are based on entitlement to national means tested benefits, giving those on low income the opportunity to access good quality sport and leisure facilities.

The policy helps us to 'foster good relations...' in the following way(s):

- Leisure World Colchester facilities are available to the whole community, regardless of gender, gender reassignment, disability, sexual orientation, religion or belief, age and ethnicity. This encourages integration, and therefore the opportunity to foster better relations between those who share a protected characteristic and those who do not.

- 10.2 The full Equality Impact Assessment for the Strategy and Business Plan can be found at the following link to the Colchester Borough Council website:

[Equality Impact Assessment for Leisure World Colchester Strategy & Business Plan 2016 - 2020](#)

## **11. Risk Management Implications**

- 11.1 If the Plan is supported a full risk analysis will be undertaken of the developments identified to ensure that any risks are mitigated. It has to be recognised that in a commercial environment there will always be risks involved, however any successful organisation will put in measures that limit the impact to the overall business.

## **12. Standard References**

- 12.1 There are no particular references to community safety or health and safety implications.

**Extract from the minutes of the Trading Board meeting of 23 September 2015**

**82. Leisure World Colchester Strategy and Business Plan**

**Councillor Maclean (in respect of her company providing services to Leisure World) declared an other pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

The Board considered a report from the Head of Operational Services about the Strategy and Business Plan for Leisure World 2016-20. The report was presented by Matthew Young, Head of Operational Services and Tim Swallow, Group Manager – Sport and Leisure. As the Strategy and Business Plan contained exempt commercially sensitive information, it would be considered on Part B of the agenda. However Matthew Young and Tim Swallow took the opportunity to explain some of the background and the main aims of the Strategy and Business Plan.

The success of the Sport and Leisure Service and the Leisure World brand in particular was highlighted. By the end of the 2014-15 financial year the Sport and Leisure service had achieved the targets and objectives set out in the Fundamental Service Review. However, it operated in a competitive marketplace and was competing not just with other sport centres or spas, but with a wide range of other leisure providers. It was important that it retained and then grew its customer base and its income.

The Strategy and Business Plan provided a vision for how the service could move forward and provided national, regional and local evidence in support of that vision. It set the levels of investment that would be required and the demonstrated the payback period for each investment area.

*RESOLVED* that the report by the Head of Operational Services be noted.





# Cabinet

14 October 2015

Item  
**8(i)**

<b>Report of</b>	<b>Assistant Chief Executive</b>	<b>Author</b>	<b>Sean Plummer</b>
<b>Title</b>	<b>2016/17 Revenue Budget</b>		<b>☎ 282347</b>
<b>Wards affected</b>	Not applicable		

**This report provides Cabinet with an update on the 2016/17 Revenue Budget forecast**

## 1. Decisions Required

1.1 Cabinet is requested to consider the following items:

- i) Note the updated 2016/17 budget forecast as set out at paragraph 6.1 shows a current gap of £355k
- ii) Note that officers are working towards delivering a balanced budget and that progress has been made to identify savings to assist with the delivery of the budget strategy. (See section 9).
- iii) Determine whether the cost pressures set out at paragraph 7.1 should be included in the 2016/17 budget forecast.
- iv) Determine whether the provisional savings set out at section 9 should be included in the 2016/17 budget forecast.
- v) Note the potential 2016/17 budget forecast variables and risks set out in Section 11
- vi) It is recommended that the decision to be included in any NNDR pooling submission for 2016/17 be delegated to the Portfolio Holder for Resources following consideration of
  - further work to update NNDR forecasts for 2015/16 and 2016/17
  - confirmation of those authorities wanting to be in the pool
- vii) To note the position on the Housing Revenue Account set out in section 13.
- viii) To note the capital programme position set out in section 14 and agree the change set out in section 14.2.

## 2. Reasons for Decisions

2.1 The Council is required to approve a budget strategy and timetable in respect of the year 2016/17.

2.2. This report relates to the budget update and a review of the capital programme.

### **3. Alternative Options**

3.1 There are different options that could be considered and as the budget progresses changes and further proposals will be made and considered by Cabinet and in turn Full Council.

### **4. Background**

4.1 A timetable for the 2016/17 budget process (see Appendix A) was agreed at Cabinet on 8 July 2015.

4.2 At this stage in the budget process it is important to identify the main areas of cost pressure and any planned growth areas together with the approach to balance the budget. Detailed budgets are currently being produced with the aim to complete this task by December. Work is currently progressing well and is in line with the budget timetable.

### **5. Budget 2015/16 - Review**

5.1. The Scrutiny Panel reviewed the budget position for the current year including outturn projections on 18 August 2015. The total position reported at what was an early stage showed a potential net underspend of £552k.

5.2. Scrutiny Panel will receive a report on the half year position on 10 November and this will in turn be reported to the next Cabinet meeting when any impact on balances will be assessed.

5.3. One of the main issues at the moment contributing towards the net underspend is car park income being higher than budget. Consideration is being given to the extent to which this is expected to continue into 2016/17, and this will therefore improve the 2016/17 budget position.

5.4. The 2015/16 budget included a number of additional budget allocations. These included:-

- A recurring provision of £200k for service pressures re: growth in borough (e.g. waste)
- An allocation of £547k from the New Homes Bonus for projects that support the Strategic Plan

5.5. This report makes reference to these allocations where they impact on the 2016/17 budget.

### **6. Summary of 2016/17 Budget Forecast**

6.1. Should Cabinet approve the items detailed in this report the current 2016/17 budget forecast shows a reduced gap from £534k of £355k. This reflects changes mainly in respect of anticipated savings. The following table sets out the overall position:-

	2016/17	note
	£'000	
<b>Base Budget</b>	23,321	
15/16 One-off items	(436)	Removal of one off cost pressures, growth items and savings.
Cost Pressures	490	See sections 7,8 & 9
Savings	(849)	
<b>Forecast Base Budget</b>	<b>22,526</b>	
<i>Funded By:</i>		
Revenue Support Grant	(2,195)	See para. 10.1
Business Rates Baseline	(4,006)	
<i>Settlement funding</i>	<i>(6,201)</i>	
Increase in NNDR / taxbase above baseline	(800)	
New Homes Bonus	(4,611)	
<b>Total Gov't grants</b>	<b>(11,612)</b>	
Council Tax	(10,539)	See para
Use of Reserves	(20)	
<b>Total Funding</b>	<b>(22,171)</b>	
<b>Budget gap</b>	<b>355</b>	

- 6.2. As indicated later in this report, further work is ongoing to fully assess options to balance the budget including completion of remaining budget reviews and developing delivery plans for all savings, completion of detailed budgets and the ongoing assessment of risk areas.

## 7. Cost Pressures

- 7.1. The following cost pressures expected in 2016/17 have been previously identified through the Medium Term Financial Forecast (MTFF) process either as specific pressures or as risks areas. The table sets out estimated pressures for next year some of which are indicative provisions which will be revised as more detail becomes known. The table includes three items for which are being funded from the growth allocation originally included in the 2015/16 budget.

	Current allowance £'000	Comment
Inflation	590	This includes assumptions in respect of pay, energy and other prices. The allowance has been reduced by £50k in respect of the proposed approach within the sport and leisure business case.
Inflation – pay award	(100)	Adjustment in respect of 15/16 pay award being less than budget

	Current allowance £'000	Comment
Extra waste vehicle and crew	130	CBC has seen significant housing growth in recent years. The Waste and Recycling service has accommodated this growth, year on year, within its existing resources. Whilst Food Waste collections have been introduced and vehicles provided, no additional routes for residual or recycling collections have been introduced, during a period where it is estimated in excess of 10,000 properties have been added to the Borough. The service is currently in the position where its capacity is stretched to accommodate the current level of collections required and therefore this funding will provide for an additional vehicle and crew.
SOS Bus – grant	5	A grant to support the SOS bus has been agreed in 2015/16 from the funding allocated for Strategic Plan priorities. It is proposed that this be included in the base budget to reflect the ongoing support of this service.
Less: provision for growth in budget	(135)	The budget includes a provision of £200k. Further pressures will be reported in due course.
	<b>490</b>	

- 7.2 Cabinet need to determine whether the cost pressures detailed above should be included within the current 2016/17 budget forecast.

## **8. Growth Items and Investment from New Homes Bonus**

- 8.1. There is no new growth assumed within the budget forecast. There are though two areas to bring to the attention of Cabinet.
- 8.2. As shown later in this report there is no increase in the level of New Homes Bonus included in the 2016/17 budget forecast. However, assuming there is no change to the methodology of the scheme for payments in respect of previous years there will be £2.18million available to allocate to new one-off projects. Consideration has been given to how this might be used including the one off investment for the Sport and Leisure business case set out in this agenda.
- 8.3. On the basis that the New Homes Bonus continues as present into 2016/17 then there will also be an increase in the grant based on new growth, providing a further sum for one-off investment. At this stage it is estimated that this may be in the region of a further £1m.
- 8.4. The final budget report will include proposals for using New Homes Bonus in 2016/17.
- 8.5. The 2015/16 budget included an allocation of £547k to support delivery of the Strategic Plan Priorities. It was reported to Cabinet on 2 September that spending was likely to occur across different years. Where spending is specifically identified for 2016/17 this will be shown within the final budget report.

## 9. Savings/Increased Income

- 9.1. The budget strategy for 16/17 was agreed by Cabinet on 8 July. This included the continued operation of Budget Group to review budget options and specifically :-
- An outturn review
  - Confirmation of savings and income from commercial activities and business processes
  - A revised sport and leisure business plan
  - A number of budget options for efficiencies, income or reductions
- 9.2. Progress has been made in identifying budget savings including the review of earlier year outturn position. It is intended that budget proposals will be made to Cabinet in November. The following table summarises the current position.

	£'000	Comment
Full year impact of accommodation savings	(50)	In 2015/16 the saving from leaving Angel Court had contributed towards other UCC FSR savings. This reflects the full year additional impact of this decision.
UCC FSR savings – Business Process Savings	(320)	Detailed savings have recently been reviewed and the anticipated level of savings for 2016/17 has been reduced.
UCC FSR savings – Commercial income & procurement	(431)	The forecast level of commercial income has also been reviewed and has been increased. This reflects recent decision in respect of forecast income in respect of development in North Colchester.
Sport & leisure business Case	(48)	First year savings shown in report in this agenda. In addition, a further £50k saving is shown within the reduced allocation for inflation.
<b>Total</b>	<b>(849)</b>	

- 9.3. Further budget saving options have been identified and these are currently being assessed in more detail. These include the budget outturn review which is well advanced and is expected to identify cost reductions to support the delivery of a balanced budget.

## 10. Government Grants / Funding

### *Government Funding & Business Rates*

- 10.1. The 2015/16 Finance Settlement announcement did not provide any provisional figures for 2016/17. Whilst not providing any real detail on which we can make projections for funding, the Autumn Statement did show that further reductions in grant should be assumed. The key figure for the Council's financial planning is the comparable level of settlement funding. The following table shows a *planning assumption* of a reduction of £921k (13%) in 2016/17.

	2015/16	2016/17	Change
	£'000	£'000	£'000
Revenue Support Grant	(3,195)	(2,195)	(1,000)
Business Rates Baseline	(3,927)	(4,006)	79
<b>Settlement funding assessment)</b>	<b>(7,122)</b>	<b>(6,201)</b>	<b>(921)</b>

- 10.2. The table above excludes the Council Tax freeze grant for 2015/16 which is assumed will not be paid in 2016/17.

- 10.3. The above figures are provisional and details will be announced in the Finance Settlement expected in November / December.
- 10.4. The New Homes Bonus figure for 16/17 is expected to be announced alongside the 'Settlement'. This is expected to show a significant further increase in our grant and as previously stated the budget strategy is that any increase will be used for one off purposes.
- 10.5. Currently, the Council is using £1.971million (43%) of the 2015/16 New Homes Bonus grant to support the base budget. In recognition that there is a risk to the level and methodology of this grant consideration will be given to reducing this in the final budget paper.
- 10.6. The Council receives other grants for services such as Council Tax collection and benefits. A number of changes have already been allowed for within the budget but further changes are likely and will be reported in due course.
- 10.7. The localisation of Business Rates (NNDR) was introduced in 2013/14. For 13/14 and 14/15 we had been broadly budgeting at the baseline level, but as part of the 15/16 budget additional income of £700k was included .
- 10.8. One of the main risks within the current scheme is that businesses can appeal their Rateable Value (RV), and get decisions backdated. This means there is a risk that we have to refund business rates in respect of previous years, and also the ongoing income may drop. To put some of this into context, currently about a third of the total RV of the borough is under appeal. We have made provision for appeals in our accounts, but this is an area which is impossible to predict
- 10.9. Looking ahead, the budget forecast currently assumes that we might see an increase in our retained NNDR income of £100k in 16/17. We will continue to monitor income levels and appeal decisions, and will revisit this assumption as appropriate.
- 10.10. For 2015/16 the Council agreed to be part of an Essex business rate "pool". The rationale for this is that the pool provides an opportunity to keep a greater share of NNDR income above the baseline. Based on forecasts provided by authorities within the pool there is currently a potential for Colchester to receive c£0.5million from the benefit received by being in the pool. This figure must be viewed with caution as there remain a large number of variables for all councils within the pool.
- 10.11. The pool agreement stays in place for 2016/17 unless there are new members who wish to join the pool or there are any existing pool members who wish to leave the pool. In either case, it will be necessary to make a new submission to Government by 31<sup>st</sup> October to express an interest in creating a 'new' pool.
- 10.12. Pool members and other Essex authorities are currently considering their position and given the timescales it is recommended that it be delegated to the Portfolio Holder for Resources to agree the expression of interest to join the pool should this be required.

## **11. Risks and Variables**

- 11.1. On 8 July 2015 Cabinet considered the budget strategy and MTFF. The MTFF set out the key areas that may impact on 2015/16 budget forecast and potentially later years. These have been reviewed and continue to represent the key variables including areas that may have positive or

negative affect on the budget forecast. The list is provided at Appendix B and several of these items are considered within this report and we will continue to review all issues as the budget progresses.

11.2. Some of the key risk and variables at this stage in the budget process are:-

- Completion of detailed budgets (including any impact of changes in costs between the General Fund and HRA)
- Announcement of Government grants (including New Homes Bonus and impact of Business Rates Retention Scheme).
- Consideration of the level of New Homes Bonus used to support the base budget
- Completion of on-going budget reviews.
- Review of balances and reserves including consideration of any ongoing use of reserves and an impact on reserves of in year budget position.
- Provisional taxbase forecasts.

11.3 A review of the risk assessment of the recommended level of balances will be made and reported to the next Cabinet meeting. This will propose any changes to the recommended level of balances and also consideration of all reserves held by the Council.

## **12. Future Years**

12.1 As part of consideration of budget issues facing the Council, SMT and Leadership Team have been considering future year budgets. The Medium Term Financial Forecast (MTFF) reported to Cabinet in July showed a potential budget gap rising to c£3m by 2018/19. Given the uncertainty over future levels of Government funding this forecast needs to be treated with caution. An update of the MTFF will be provided as part of the final budget report and this will reflect the position reported in the Comprehensive Spending Review and the Finance Settlement.

## **13. Housing Revenue Account (HRA)**

13.1. The HRA is a ring fenced account that relates to costs and income in respect of the Council's housing stock. The HRA budget and rent setting process is carried out alongside the General Fund budget and elements of the process are carried out simultaneously. The budget approach for the HRA will continue to be fully integrated within the General Fund budget process, with the final budget report and rent setting being included within the overall budget and Council Tax decisions.

13.2. HRA Self-Financing has been in operation since 1<sup>st</sup> April 2012, and Cabinet have agreed a 30 year HRA Business Plan.

13.3. The Chancellor of the Exchequer announced in July's budget that there will be annual decrease of 1% in social housing rents from 2016/17 for 4 years. After that it is expected to revert to Government policy of Consumer Price Index (CPI) + 1%. The justification for this rent reduction requires "*Housing Associations and Local Authorities to deliver efficiency savings, making better use of the £13 billion annual subsidy they receive from the taxpayer*".

13.4. Based on our 2015/16 Business Plan agreed in January 2015 by Cabinet, our projected rental income over the next 30 years drops from £1,161million to £1,018million, a reduction of £143million.

- 13.5. The Council is working with Colchester Borough Homes to identify steps that will need to be taken to balance the housing budgets and proposals will be reflected in future budget papers.

## 14. Capital Programme

- 14.1 The following table sets out a summary of the total capital programme excluding the Revolving Investment Fund (RIF). This shows a forecast surplus of £1.3m by 2018/19

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
<b>GENERAL FUND</b>				
Shortfall / (Surplus) B/Fwd	(506)	(956)	(1,056)	(1,156)
New schemes	350	100	100	100
Capital receipts	(800)	(200)	(200)	(200)
Shortfall / (Surplus) C/Fwd	(956)	(1,056)	(1,156)	(1,256)

- 14.2. There is one update to report which relates to the decision to agree the loan to Colchester Community Stadium Company of £55k in respect of works to the Stadium car park. This is the second loan for works to the car park and is being matched by the football club. Almost half of the other loan has now been repaid. The cost needs to be accounted for and funded within the capital programme with loan repayments treated as capital receipts. It is therefore recommended that the loan be included within the capital programme.

## 15. Proposals

- 15.1 It is proposed that the budget position should be noted including proposals relating to cost pressures, growth items, savings and risk and variables and that the capital programme change be approved.

## 16. Strategic Plan References

- 16.1. The 2016/17 budget and the Medium Term Financial Forecast will be underpinned by the Strategic Plan priorities and will seek to preserve and shift resources where needed to these priorities.

## 17. Consultation

- 17.1. The Council is required to consult on its budget proposals. A consultation exercise took place as part of the production of the Strategic Plan agreed by Council in February 2015.
- 17.3. The budget strategy and timetable aims to ensure that information is available for scrutiny and input from all Members on proposals in the process. The aim is that detailed information will be available prior to the final budget report being submitted to Cabinet and approval by Council in February.
- 17.4. As has been the case in previous years the opportunity remains open for the leader of the opposition to meet with officers to assist with consideration of any alternative budget proposals.
- 17.5. Furthermore, we will continue with the statutory consultation with business ratepayers and will meet with parish councils in respect of grant funding.



## **18. Financial implications**

18.1 As set out in the report

## **19. Equality and Diversity Implications**

19.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

## **20. Risk Management Implications**

20.1. The strategic risks of the authority will be considered in developing the 2016/17 budget and all forecast savings/new income options will be risk assessed as part of the budget process. This report sets out some of the key risks / variables at this stage in the budget process and as stated earlier this will be refined during the year.

## **21. Other Standard References**

21.1 There are no specific Publicity, Human Rights, Community Safety or Health and Safety implications at this stage.

## **Background Papers**

Report to Cabinet 8 July 2015

Revenue and Capital budget position reported to Scrutiny Panel on 18 August 2015

<b>2016/17 Budget Timetable</b>	
<b>Budget Strategy March 15 – July 2015</b>	
<b>March – June (SMT and Budget Group)</b>	Budget Group Meetings Agreed Update MTFF /Budget Strategy Review potential cost pressures, growth and risks Consider approach to budget Initial budget reviews started
<b>Cabinet – 8 July 15</b>	<ul style="list-style-type: none"> <li>• Review 14/15 outturn</li> <li>• Report on updated budget strategy / MTFF</li> <li>• Timetable approved</li> </ul>
<b>Scrutiny Panel – 21 July 15</b>	Review Cabinet report
<b>Detailed Budget preparation and Budget Setting Consultation</b>	
<b>Budget Group / Leadership Team regular sessions on progress / budget options now - December</b>	Review budget tasks Consider delivery of existing budget savings Carry out outturn review
<b>Cabinet – 2 September 15 and /or 14 October 14 (<i>likely to be 14 October</i>)</b>	<ul style="list-style-type: none"> <li>• Budget Update</li> <li>• Review of capital resources / programme</li> </ul>
<b>Cabinet – 25 November 15</b>	<ul style="list-style-type: none"> <li>• Budget update</li> <li>• Reserves and balances</li> <li>• Agree fees and charges / budget changes</li> <li>• Government Finance settlement (if available)</li> <li>• Review in year budget position</li> </ul>
<b>Scrutiny Panel – 26 January 16</b>	Review consultation / Budget position (Detailed proposals)
<b>Cabinet – 27 January 16</b>	Revenue and Capital budgets recommended to Council
<b>Council – 17 February 16</b>	Budget agreed / capital programme agreed / Council Tax set

*Leadership Team to review budget progress during year.*

Ref	Risk / Area of uncertainty	
1	<i>Government Funding / Business Rate Retention Scheme</i>	<p>The MTFF includes the reduction in the 'SFA' for 2016/17 of 13% with further reductions thereafter.</p> <p>An announcement is expected middle / end of December with initial spending review figures earlier.</p> <p>From 2013/14 a proportion of the Council's core income that used to be provided by Government grant is now funded by the Council keeping a share of business rates income. This poses a new risk as well as a potential reward.</p> <p>The budget includes an assumption that in 15/16 we will retain an extra £700k of NNDR income above our baseline figure and future years includes an assumption that this will increase each year by £100k.</p>
2	<i>Welfare Reform (including Local Council Tax Support - LCTS)</i>	<p>Budget papers have previously set out some of the key risks associated with the implication of the Council having approved the LCTS scheme. The combined impact of the Government's welfare reforms and demands on Council services will need to be considered during the period of the MTFF.</p>
3	<i>Government grants and partnership funding</i>	<p>The Council's budget has changed over recent years with a greater emphasis on funding from both partner organisations and Government bodies. These funding streams can rarely be guaranteed and can therefore add to our cost pressures.</p> <p>Provision has been made in the 2015/16 budget for the New Homes Bonus based on the notified grant and the MTFF takes a prudent view by forecasting no increase to this grant in 16/17 or future years.</p> <p>Provision has been made for changes in other Government grants, such as housing benefit administration, in 2015/16. Further reductions in these areas are likely and these will be considered as the 16/17 budget and MTFF is reviewed.</p>
4	<i>Pensions</i>	<p>An allowance has been built in for increases in pensions costs based on the results of the last actuarial review and which therefore are fixed until 2016/17. Thereafter an allowance has been assumed of £250k and this will need to be reviewed closer to the time.</p>
5	<i>Fees and charges and other income</i>	<p>Previous years has shown how changes in income have affected the budget both positively and negatively. Looking ahead to 2016/17 and beyond it is difficult to estimate how income levels may continue to be affected and the budget will consider any changes in due course and the risks to delivery of targets.</p>
6	<i>Inflation</i>	<p>An allowance for general inflation, including pay, has been built into the 2015/16 budget and MTFF.</p> <p>Not all the Council's costs are directly linked to RPI / CPI and therefore we will continue to monitor the impact of inflation on all Council costs.</p> <p>Specific assumptions in respect of pay and energy will be considered in more detail later in the year.</p>
7	<i>Use of reserves</i>	<p>The budget position for 2015/16 includes limited proposals to use and contribute to certain reserves.</p> <p>No proposals to use general balances are currently included in the MTFF.</p>

Ref	Risk / Area of uncertainty	
8	<i>Legislation</i>	There are likely to be several items of new legislation over the life of the MTFF for which any available funding may not cover costs or which may impact significantly on the Council e.g. universal credit.
9	<i>Impact of regeneration programme e.g. staff resources</i>	The 2015/16 budget includes an allocation of £100k for additional resources to support work in the Northern Gateway. Furthermore, the recently established Revolving Investment Fund (RIF) provides a framework for managing potential pressures.
10	<i>Property review</i>	A review of our assets was carried out and a 5-year Building Repairs and Maintenance Plan produced. There will continue to be financial implications arising from this for both the revenue budget and capital programme and these will continue to be considered in detail and included in the on-going updates of the MTFF. The 2015/16 budget maintains the additional allocation of £150k in respect of planned repairs. This will continue to be reviewed to consider if it is sufficient to meet ongoing requirements.
11	<i>Impact of growth in the Borough and demand for services</i>	<p>A number of Local Authority services are directly impacted by the increase of population in the Borough, such as waste services, planning, benefits etc.</p> <p>As part of future budgets it will be necessary to consider whether there is a need for additional resources in these or other areas in order to maintain levels of service. A financial assumption has been made that the Council's programme of service reviews will assist in identifying efficiencies to cope with changes in demand. However, the 2015/16 budget includes an allowance of £200k, recognising that there is likely to be some pressure on services from the increasing number of households in the Borough, for example, the cost of providing our waste service. Proposals for using this are included within this report.</p>
12	<i>Delivery of budget savings</i>	The 2015/16 budget includes c£2.2m of savings or increased income. These items were risk assessed and all are considered deliverable. The 2016/17 forecast includes further savings from the ongoing FSR work. These have all been reviewed and updated in the budget forecast and at this stage are considered achievable. However, there remain risks in respect of delivery of income figures and as such further budget updates will need to consider any necessary changes to these forecasts.
13	<i>Net Interest earnings and investments</i>	<p>The budget is influenced by a number of factors including interest rates and cashflow movements. The treasury management strategy for 2015/16 highlights the outlook for interest rates in the medium-term, which points to continuation of unprecedented low levels into 2015/16.</p> <p>The Council's strategy of internal borrowing has helped minimise our interest cost, however, it is recognised that this is not a long term approach and therefore there may be future cost pressures from any need to borrow externally. This will be considered with the MTFF.</p>

Report of	Head of Operational Services	Author	Chris Dowsing
Title	Update on the Waste Prevention and Recycling Options Appraisal Task and Finish Group		
Wards affected	Not applicable		

**This report concerns an update on the work of the Task and Finish Group.**

## 1. Decision(s) Required

- 1.1 To note the good work undertaken by the Task and Finish group and request the development of a new waste strategy that identifies the outcomes desired by Cabinet in terms of the management of waste for the future.
- 1.2 To place on hold the activity of the Task and Finish group until the development of a new waste strategy is completed which could be presented to Cabinet at its meeting on 27<sup>th</sup> January 2016. At this point Cabinet could also consider whether it wants to give a new term of reference to the Task and Finish Group.

## 2. Reasons for Decision(s)

- 2.1 The current Terms of Reference for the Task and Finish Group (Appendix 1) agreed by Cabinet in October 2014 have been met in terms of the four major items set out. The group has asked for and received wide ranging information on the management of waste and the group should be thanked for the commitment and effort put into understanding the subject. As a result of this work it has been identified that the Council needs to identify its desired outcomes for the management of waste and recycling by the development of a new waste strategy.

## 3. Alternative Options

- 3.1 The Council last reviewed its waste strategy in 2008 and as such it requires updating. The alternative to this is to not review the Councils objectives for the management of waste and recycling through a revised strategy, which is not a desirable position in which to consider future options for the management of waste and recycling.

## 4. Supporting Information

- 4.1 Following new terms of reference for the group being agreed by Cabinet the Task and Finish group met on six occasions. At its first meeting the members of the group agreed that they needed to be given detailed background information to assist them in formulating their approach, the issues they wished to be clarified, the priorities which were important to them and the kind of information they would wish to see presented to them. The group requested that a report be prepared and were provided with one that included the following information:

- The recycling and waste service currently provided
  - Details of the best performing Local Authorities
  - The collection methods adopted by the best performers
  - Statistics to illustrate the average yield from each method of collection
  - Details of behaviour changes implemented elsewhere
  - The barriers to implementing changes in collection arrangements
  - Details of an Essex wide residual waste composition study
  - An explanation as to what happens to co-mingled recycled material
  - Details of the incentives and their use by other authorities
  - Patterns of consumption and its impact on recycling rates
  - Options for a public consultation
  - Tonnage information over the last eight years for recycling and residual waste
  - Case studies, changes to collections being made and considered elsewhere
  - Information on the 'TEEP Test'
- 4.2 The Group were provided with details of options for public consultation and an approach to Doorstep Collection research. A proposal was recommended for approval submitted by Qa Research.
- 4.3 At the meeting of the Task and Finish group on the 23<sup>rd</sup> July 2015 the Group agreed that:
- (i) The opportunity be taken for a pause in the work of the Task and Finish Group;
  - (ii) Cabinet be recommended to consider, at its meeting on 2 September 2015, revising the Group's Terms of Reference to provide for more detailed research into alternative options for the waste and recycling service
  - (iii) Arrangements be made for the Task and Finish Group to meet promptly following the Cabinet consideration in order to agree a revised approach for the Group.
- 4.4 Due to pressure of work, the Cabinet was unable to consider the Groups terms of reference at its meeting on the 2<sup>nd</sup> September and this will now be considered when the Strategy is presented at Cabinet's January meeting.
- 4.5 The timetable for the progression of the waste strategy is set out below:

<b>Date</b>	<b>Meeting</b>
8 <sup>th</sup> December 2015	Scrutiny Panel
27 <sup>th</sup> January 2016	Cabinet
17 <sup>th</sup> February 2016	Council

## **5. Proposals**

- 5.1 It is proposed the Cabinet takes the opportunity to produce a new waste strategy that enables it to give a clear direction about the outcomes it is seeking to achieve for the management of waste and recycling. This strategy can then be presented to Cabinet at its meeting on the 27<sup>th</sup> January 2016.
- 5.2 Cabinet at this point can then review its position in terms of the work of the Task and Finish group and what Terms of Reference it may give the group going forward. As the Waste Strategy forms part of the Council's policy framework, it will require adoption by Full Council.

## **6. Strategic Plan References**

- 6.1 These decisions contribute to the strategic plan theme of Welcoming by seeking to - Improve sustainability, cleanliness and health of the place by supporting events that promote fun and wellbeing.

## **7. Consultation**

- 7.1 Cabinet considers that further consultation with the public will be useful following the development of the waste strategy. This will be considered when the strategy is presented and could form part of a revised terms of reference for the Task and Finish Group.

## **8. Publicity Considerations**

- 8.1 The decisions at present will not affect any particular groups.

## **9. Financial implications**

- 9.1 There are no direct financial implications as a result of the decisions in this report. Any financial implications arising as a result of any future work streams would be provided in future reports.

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

- 10.1 An updated Equality Impact Assessment for the Recycling and Waste service is available here <http://www.colchester.gov.uk/CHttpHandler.ashx?id=7734&p=0>

The decisions will not impact on the promotion of equality or discriminate in relation to gender, gender reassignment, disability, sexual orientation, religion or belief, age and race/ethnicity.

## **11. Community Safety Implications**

- 11.1 There are no community safety implications as a result of these decisions

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

- 12.1 There are no Health and Safety implications as a result of these decisions

## **13. Risk Management Implications**

- 13.1 There are no risk management implications as a result of this decision

## **Background Papers**

N/A

## Appendix 1

### RECYCLING & WASTE SERVICE

#### TASK AND FINISH GROUP

**Chair:** Councillor Rosalind Scott

**Deputy Chair:** Councillor Nick Cope

Terms of Reference:
<p>This Task and Finish Group has been set up to assist the Cabinet in considering the future of the recycling and waste collection service with a particular focus on reducing the amount of residual waste going to landfill and increasing the amount and quality of the materials sent for recycling</p> <p>The group will also consider the types of waste collection services being offered elsewhere in other waste collection authority areas and the levels of recycling performance being achieved.</p> <p>The group will need to have particular regard to the types and frequency of materials collected and the methods used.</p> <p>Consider and develop an appropriate consultation plan to understand the preferences of the people of the Borough as to what the Council's target should be for recycling performance and what collection methods to use to achieve it.</p>
Desired Outcomes:
<p>Full understanding of the potential benefits, risks and costs associated with the various systems used for recycling and waste collection</p> <p>Full understanding of the best methods to maximise participation in kerbside recycling schemes, the changes required to achieve increased recycling performance and the achievement of decreased amounts of waste to landfill in line with the highest performing authorities.</p> <p>Improved understanding of customer behaviour issues in relation to recycling and waste management through research and public consultation</p> <p>Recommendation/s to Cabinet on the options for the Recycling &amp; Waste collection service to enable it to achieve its strategic aims of reducing waste to landfill and increasing recycling.</p>







<b>Report of</b>	<b>Assistant Chief Executive</b>	<b>Author</b>	<b>Hayley McGrath</b>
<b>Title</b>	<b>2014/15 Year End Review of Risk Management</b>		 <b>508902</b>
<b>Wards affected</b>	Not applicable		

**This report concerns the Risk Management work undertaken for the period 1 April 2014 to 31 March 2015.**

## **1. Decisions Required**

- 1.1 Note the risk management work undertaken during 2014/15.
- 1.2 Note the current strategic risk register.
- 1.3 Approve the proposed risk management strategy for 2015/16 and recommend to full Council that it be included in the Council's Policy Framework.

## **2. Reason for Decisions**

- 2.1 Cabinet has overall ownership of the risk management process and is responsible for endorsing its strategic direction. Therefore the risk management strategy states that Cabinet should receive an annual report on progress and should formally agree any amendments to the strategy itself.
- 2.2 During the year progress reports are presented to the Governance Committee detailing work undertaken and current issues. This report was presented to the Governance Committee on 08 September 2015 where they approved its referral to this meeting.
- 2.3 The Risk Management Strategy is one of the key corporate governance documents that supports the Constitution of the Council and forms part of the Policy Framework. Accordingly any amendments have to be approved by full Council.

## **3. Key Messages**

- The economy and cuts in public spending continue to have had a significant impact on the key risks during the year. The highest risk on the register remains the potential impact of future central government decisions to reduce public funding, along with the potential effect that could have on the Council's ability to deliver its budget strategy.
- Risk Management principles continue to be reinforced and embedded in the organisation. The 2014 External Audit report confirmed that "Good systems, processes and controls are in place, including effective risk management systems". This is demonstrated by the 2014/15 internal audit review which provided a substantial assurance level.

## **4. Supporting Information**

- 4.1 The aim of the Council is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

- 4.2 In broad terms risks are split into three categories:
- Strategic – those risks relating to the long term goals of the Council
  - Operational – risks related to the day-to-day operation of each individual service
  - Project – consideration of the risks relating to specific initiatives
- 4.3 Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally affect service provision, such as proposals to dramatically change the corporate assessment process. Strategic risks are owned by members of the Senior Management Team.
- 4.4 Operational risks are those that threaten the routine service delivery of the Council. Each service area has their own operational risk register that details the risks associated with providing the service. These registers are reported, in summary format, to the Senior Management Team and Governance Committee on an annual basis. High risks and the success in controlling them are reported to Senior Management Team on a quarterly basis, as these assist in the formulation of the strategic risk register.
- 4.5 Project risks are those that relate solely to the successful delivery of that specific project. They tend to be quantifiable issues, such as resource or time related, and constantly change and develop over the course of the project as each stage is completed. The lead on the project is responsible for ensuring that there is an appropriate risk register and high level issues are reported to the senior management team.

## **5.0 Summary of 2014/15**

- 5.1 The Corporate and Financial Management Service was reorganised in June 2014 as a result of a fundamental service review. The review recognised that previously the functions that related to the governance framework were working in isolation to each other. Therefore the Corporate Governance Team was formed. This has brought together Risk Management, Health & Safety and Insurance, along with other governance processes, to provide a much more comprehensive approach to preventing and mitigating risks.
- 5.2 The main focus during the year has been to review and manage physical risks, from vehicle accidents to violence and aggression incidents. This has included reviewing the types of incidents that have been occurring and working with services to ensure that robust processes are implemented to ensure the safety of our officers and the public.
- 5.3 Work has also been undertaken to embed risk management within procurement processes, with the Corporate Governance Manager working with the procurement team to ensure that the risk processes support the development of a commercial approach.
- 5.4 There were no fundamental changes to the processes used to identify and control risk, during 2014/15.
- 5.5 An audit of the risk management function was carried out in January 2015. This produced one level two recommendation. This related to the formal review of operational risks registers.
- 5.6 The risk registers for the Joint Museum Service and the North Essex Parking Partnership both continue to be produced and reported to the joint committees.

## **6. Strategic Risk Register**

- 6.1 During 2014/15 the strategic risk register was reviewed by the senior management team every quarter and reported to the Governance Committee every six months. The current register is shown at appendix 1. These risks have been mapped onto a risk chart as shown at appendix 2.
- 6.2 The Corporate Governance Manager reviewed the strategic risks with each member of the Senior Management Team in March 2015, and in August the Performance Management Board comprehensively reviewed the register to ensure that the identified risks were still appropriate.
- 6.3 The review identified that risks 1e, relating to the impact of the UCC FSR, could be removed, as implementation of the FSR actions had been completed and the service changes embedded into the organisation.
- 6.4 It was also recognised that Section 3 of the register, People, needed to be reviewed to reflect the move to a more commercial environment. This included removing risks 3b (resources required for training and development) and 3c (visible and effective leadership).
- 6.5 A new risk 2c, impact of Welfare Reform, has been added to reflect the challenges to resources in responding to rising customer need.
- 6.6 Several scores have also been amended and these are detailed on the register.

## **7. Risk Management Strategy for 2015/16**

- 7.1 The Council's current approach to managing risk was introduced in 2006/07. A requirement within the strategy, and also of the annual audit assessment, is to review the approach each year to ensure that it is still appropriate to the Council's needs.
- 7.2 Therefore a review has been undertaken and the strategy has been updated for 2015/16. The revised strategy is attached at appendix 3. There are no fundamental changes proposed to the risk process with amendments only to external review comments and the updating of role titles.

## **8. Proposals**

- 8.1 To note and comment upon:
  - the Council's progress and performance in managing risk during 2014/15, and
  - the current strategic risk register.
- 8.2 To endorse the submission of the revised Risk Management Strategy to full Council for inclusion in the Policy Framework.

## **9. Strategic Plan References**

- 9.1 The strategic risk register reflects the objectives of the strategic plan and the actions have been set with due regard to the identified key strategic risks. Therefore the risk process supports the achievement of the strategic objectives.

## **10. Risk Management References**

- 10.1 The failure to adequately identify and manage risks may have an effect on the ability of the Council to achieve its objectives and operate effectively.

## **11. Other Standard References**

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



**Colchester Borough Council – Corporate Strategic Risk Register**  
**July 2015 – December 2015**

1. AMBITION									
Specific Risks		SCORE						Consequence	
		Current			Previous				
		P	I	O	P	I	O		
1a	In a period of public sector resource reductions the ability to have ambition and to deliver on that ambition.	3	2	6				Major changes needed to the town would not be delivered thus affecting the quality of life of its residents and businesses.  Major downturn in public sector resourcing over the next few years will hamper the speed of delivery across the services provided.  Poorer external assessments by independent agencies and loss of Council reputation.  The Borough Council loses its status and influencing ability at sub-regional, regional and national levels.	
1b	Unrealistic internal and external expectations on the speed of delivery.	3	3	9					
1c	The Council is unable to effectively influence changes in the Borough economy.	3	4	12					
1d	Over reliance on a limited number of people limits ability to deliver our ambition.	3	3	9					
1f	The organisation and administration fails to fully embrace the culture required to develop a commercial ethos including the appetite for taking appropriate risk for the opportunity presented.	3	3	9					

<b>ACTION PLAN – AMBITION</b>		
Action	Owner	Review
Implement a regular reporting mechanism to SMT that includes defined performance criteria.	Executive Director	December 2015
Produce an IT development strategy that supports the next stage of our transformation and outcomes. This should be reviewed and reported to PMB on a regular basis.	Chief Operating Officer	December 2015
Officers with more commercial skills have been appointed and others can learn from their experiences together with a set of commercial skills training being implemented across the organisation to re-skill officers for the new ways of working. The Trading Board and the Cabinet need to continue to enhance their commercial understanding in order to take the opportunities offered by a more commercial approach.	Strategic Director	December 2015



2. CUSTOMERS								
Specific Risks		SCORE						Consequence
		Current			Previous			
		P	I	O	P	I	O	
2a	The increasing expectations of our customers, set alongside the financial constraints will create challenges to service delivery, our channel shift ambitions and the reputation of the authority.	4	3	12				The Authority fails to deliver the standards of service and delivery which our customers expect, especially in relation to self service and the reliance on IT capabilities.
2b	The expectation remains that the Council will step in to deliver services when other providers either fail or reduce service provision	3	3	9	4	3	12	The Council suffers from a loss of reputation as customers' expectations are not met. There is increased demand on existing services leading to a reduction in standards of delivery
2c	Impact of Welfare Reform will pose challenges to our resources in responding to rising customer need.	3	3	9				The Council fails to support our most vulnerable residents leading to an increase in crisis intervention.

ACTION PLAN – CUSTOMERS		
Action	Owner	Timing
An engagement and consultation programme is put in place, to ensure customers are able to inform service priorities and delivery and to secure the capability amongst our customers to drive our channel shift program. This will be evidenced by reporting the pattern of usage of the routes used by customers and savings achieved.	Executive Director	December 2015
The UCC environment, creating a single point of contact for our customers, is now in place and a performance framework for customer standards is being developed and will be monitored to ensure delivery. A full lessons learned exercise will be conducted.	Executive Director	December 2015

3. PEOPLE								
Specific Risks		SCORE						Consequence
		Current			Previous			
		P	I	O	P	I	O	
3a	Unable to compete with the private sector in the recruitment (and retention) of staff with key marketable skills	4	3	12	3	3	9	Decline in service performance Disengaged and demotivated staff Efficiency and productivity reduction
3d	Staff motivation declines with an impact on service delivery, our capacity to make changes and implementation of budget efficiencies	3	4	12	4	4	16	Inability to meet changing requirements and needs Customer perceptions decline as we deliver less Loss of key staff

<b>ACTION PLAN – PEOPLE</b>		
Action	Owner	Timing
Create an internal communications strategy for staff that specifies channels to be used and allows for staff to feed back.	Assistant Chief Executive	December 2015
Review and update the people strategy and set a regular review process.	Assistant Chief Executive	December 2015
Implement a formal training strategy that includes financial considerations and business behaviours, and explores training alternatives.	Assistant Chief Executive	December 2015

4. HORIZON SCANNING								
Specific Risks		SCORE						Consequence
		Current			Previous			
		P	I	O	P	I	O	
4a	To continuously assess future challenges to ensure Council is fit for future purpose	2	4	8				If not properly managed then either the Council will lose the opportunity to develop further or will have enforced changes to service delivery.  Adverse impact on local residents / resources.  Missed opportunities to boost local economy.  Conflict between Council / Government agendas.  Reduction in levels of service provision and potential withdrawal of services.
4b	Not taking or creating opportunities to maximise the efficient delivery of services through shared provision, partnerships or commercial delivery	4	3	12				
4c	Failure by the Council to spot / influence at an early stage the direction of Central Government policies / new legislation.	3	3	9				
4d	Potential impact of future central government decisions to reduce public funding, including that of our partners	5	4	20				

ACTION PLAN – HORIZON SCANNING		
Action	Owner	Timing
<p>Ensure organisational readiness to respond to external challenges through the organisational goals:</p> <ul style="list-style-type: none"> <li>- Customer</li> <li>- Business</li> <li>- Culture</li> </ul>	Executive Director	December 2015
Review and report the Medium term Financial strategy	Chief Operating Officer	December 2015
Review and report the Organisational Development Strategy	Assistant Chief Executive	December 2015
<p>The budget situation is under constant review, including the impact of decisions from central government. Additional actions and areas for spending reviews are being identified.</p> <p>Consider impact of loss or reduction in key income areas as part of budget strategy / budget plans.</p>	Chief Operating Officer	January 2016
Ensure that there are regular reports to the Trading Board providing updates on delivery options including assessing the future potential for the Council to deliver commercial income.	Strategic Director	December 2015

5. PARTNERSHIPS									
Specific Risks		SCORE						Consequence	
		Current			Previous				
		P	I	O	P	I	O		
5a	Failure or inappropriate performance management of one or more strategic partnerships or key contracts E.g. Haven Gateway, LEP, Health, CAPITA, CBH	4	4	16	4	3	12	The cost of service delivery is increased however quality decreases.  Failure to deliver key priorities.  Reputational and financial loss by the Authority.  Failure to deliver expected outcomes through partnerships	
5b	Change of direction / policy within key partner organisations and they revise input / withdraw from projects.	4	3	12				Requirement to repay external funding granted to partnership – taking on the liabilities of the ‘withdrawn’ partner.  External assessment of the Councils partnerships are critical and score poorly.	
5c	Potential inability to agree shared outcomes/ agendas with partners and the Council’s ability to influence partner’s performance.	3	4	12					

ACTION PLAN – PARTNERSHIPS		
Action	Owner	Timing
Set an assessment process for proposed strategic partnerships (to ensure that they will satisfy the Council's objectives) that needs to be signed off by EMT before commitment to new partnerships is made.	Executive Director	December 2015
Set a formal relationship / performance review process to be used by all partnerships and ensure results are reported to senior management...	Executive Director	December 2015

6. ASSETS & RESOURCES									
Specific Risks		SCORE						Consequence	
		Current			Previous				
		P	I	O	P	I	o		
6a	Failure to protect public funds and resources – ineffective probity / monitoring systems	3	4	12				Service delivery failure	
								Financial and reputational loss by the Authority	
6b	Risk that Asset Management is not fully linked to strategic priorities and not supported by appropriate resources	3	4	12				Personal liability of Officers and Members.	
								Legal actions against the Council	
6c	Inability to deliver the budget strategy as planned, arising from changes to Government funding / decisions and general impact of economic climate.	5	4	20	2	4	8	Loss of stakeholder confidence in the Borough	
								Inability to sustain costs	
								Failure to deliver a balanced budget as planned.	
								A need to use balances / reserves or to adapt financial plans to deal with impact of changes.	
6d	Failure to set aside sufficient capital funds for strategic priorities	3	4	12				Required to use Reserves & Resources to fund capital priorities	
								Severe impact on cash-flow leading to negative effect on performance targets	
6e	Significant changes to our ICT presents challenges in maintaining customer service alongside increasing demands around information security	2	5	10					

<b>ACTION PLAN – ASSETS &amp; RESOURCES</b>		
<b>Action</b>	<b>Owner</b>	<b>Timing</b>
Develop a formal process to manage the assurance systems that form the internal control environment, including Internal Audit, Risk Management, Budget process, Corporate Governance and performance management. This must be reported to senior officers and members on a regular basis to ensure that it is fully embedded	Chief Operating Officer	There is cycle of reviewing and reporting including internal Audit, Risk management and the AGS Review December 2015
Review the budget monitoring process to reflect the new structure and co-ordinates finances across the whole Council not just individual service areas	Chief Operating Officer	Regular reporting to PMB. & Governance Review December 2015
Develop the annual budget strategy to ensure it has controls built in to be able to respond to changes in the strategic objectives and includes sensitivity analysis to consider the impact of potential changes to external funding or other incomes streams.	Chief Operating Officer	Annual exercise. Council approves budget in Feb annually
Implement a regular review process for the medium term financial outlook, capital programme and HRA business plan processes to ensure they are kept up to date and realistic.	Chief Operating Officer	MTFS is part of the budget strategy & considered during the process. Capital programme reported to FASP quarterly Review December 2015
Review the IT security policies to ensure that they are fit for purpose and implement a training program for all staff. Changes to be planned to ensure customer service is maintained	Chief Operating Officer	Next review December 2015
Ensure the continued development of the Revolving Investment Fund (RIF) - a sub-committee of Cabinet which has been created to link asset management to the strategic priorities and ensure that assets are used to their full commercial potential.	Strategic Director	December 2015

<b>SCORE DEFINITIONS</b>	<b>1 Very Low</b>	<b>2 Low</b>	<b>3 Medium</b>	<b>4 High</b>	<b>5 Very High</b>
Impact	Insignificant effect on delivery of services or achievement of Strategic Vision & Corporate Objectives.	Minor interruption to service delivery or minimal effect on Corporate Objectives.	Moderate interruption to overall service delivery/effect on Corporate Objectives or failure of an individual service.	Major interruption to overall service delivery or severe effect on Corporate Objectives.	Inability to provide services or failure to meet Corporate Objectives
Probability	10% May happen – unlikely	10 -25% Possible	26 – 50% Could easily happen	51 – 75% Very likely to happen	Over 75% Consider as certain

### Risks Removed

1e The resource implications, including ICT, staffing and financial, of the UCC FSR are greater than anticipated. Removed July 15.

3b Failure to sustain adequate resource to support training and development because of the financial situation. Removed July 15.

3c Failure to provide effective and visible political and managerial leadership. Removed July 15





**RISK MATRIX**  
**July 15 - December 15**

Low Risks	Medium Risks	High Risks
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Scoring 1-5

Risk Tolerance Line

<b>Probability of Occurrence</b>	5 Very High				4d 6c	
	4 High			2a 4b 3a 5b	5a	
	3 Medium	1a	1b 1d 1f 2b 2c 4c	1c 3d 5c 6a 6b 6d		
	2 Low			4a	6e	
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very high
<b>Severity of Impact</b>						

**Removed Risks**



# Risk Management Strategy 2015/16

**A guide to the Council's approach to  
managing risk. Draft for approval.**

July 2015

## **RISK MANAGEMENT STRATEGY**

*This document outlines the Council's commitment to managing risk in an effective and appropriate manner. It is intended to be used as the framework for delivery of the Risk Management function and provides guidance on developing risk management as a routine process for all services.*

## **INTRODUCTION**

The Council undertakes that this strategy will ensure that:

1. The management of risk is linked to performance improvement and the achievement of the Council's strategic objectives.
2. Members and the Senior Management Team own, lead and support on risk management.
3. Ownership and accountability are clearly assigned for the management of risks throughout the Council.
4. There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels including strategic, programme, project and operational
5. All members and officers acknowledge and embrace the importance of risk management as a process, by which key risks and opportunities are identified, evaluated, managed and contribute towards good corporate governance.
6. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.
7. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.
8. Accountability to stakeholders is fully demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes.
9. The Council's approach is regularly assessed by an external, independent body against other public sector organisations, national standards and Best Practice.
10. The Risk Management Strategy is reviewed and updated annually in line with the Council's developing needs and requirements.

**Endorsement by Adrian Pritchard, Chief Executive**

*“Colchester Borough Council is committed to ensuring that risks to the effective delivery of its services and achievement of its overall objectives are properly and adequately controlled. It is recognised that effective management of risk will enable the Council to maximise its opportunities and enhance the value of services it provides to the community. Colchester Borough Council expects all officers and members to have due regard for risk when carrying out their duties.”*

A handwritten signature in black ink that reads "A. R. Pritchard." The signature is fluid and cursive, with a long, sweeping underline that extends to the right.**WHAT IS RISK MANAGEMENT**

Risk Management is the control of business risks in a manner consistent with the principles of economy, efficiency and effectiveness. It is an essential performance management process to ensure that both the long and short term objectives of the Council are achieved and that opportunities are fully maximised.

Risk Management is not about eliminating risk, as this would limit the ability of the organisation to develop and deliver its ambitions. Its purpose is to recognise the issues that could effect the achievement of our objectives and develop actions to control or reduce those risks. Acknowledgement of potential problems and preparing for them is an essential element to successfully delivering any service or project. Good management of risk will enable the Council to rapidly respond to change and develop innovative responses to challenges and opportunities.

‘The Good Governance Standard for Public Services’ issued by The Independent Commission on Good Governance in Public Services states that there are six core principles of good governance including ‘Taking informed, transparent decisions and managing risk’. The document goes on to state ‘Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective’.

## BACKGROUND

A process for managing risks was first adopted by the Council in 2003 and since then has been developed to ensure that it continues to be an effective management system. This strategy defines Colchester Borough Council's definition of risk and the processes to be followed.

In broad terms risks are split into three categories:

- Strategic – those risks relating to the long term goals of the Council
- Operational – risks related to the day-to-day operation of each individual service
- Project – consideration of the risks occurring as a result of the Council's involvement in specific initiatives

The following are some of the practical ways that risks are managed and how effectiveness is measured:

- Creation of an overall strategic register.
- Creation of operational risk registers for all service areas.
- Consideration of risk in Committee reports.
- Development of a comprehensive risk register for the project management programme and consideration of risk as a project management tool.
- Successful internal and external assessment.
- Provision of advice to other authorities regarding our management of risk.

The Audit Commission, in their 2013/14 Annual Governance Report stated that the Council has "Good systems, processes and controls in place, including effective risk management systems".

This is an endorsement that we have devised a practical and workable approach to managing risk. This has resulted in the Council becoming more risk aware and actually taking more risks, as demonstrated by the comprehensive risk register for the regeneration projects. Colchester is also highly regarded for managing risk by both our insurers and other authorities.

The 2014/15 internal audit of risk management gave a substantial assurance opinion. One recommendation was raised during the audit relating to the frequency of formal review of operational risk registers.

## OWNERSHIP

The responsibility to manage risk rests with every member and officer of the Council however it is essential that there is a clearly defined structure for the co-ordination and review of risk information and ownership of the process.

Appendix 3 is from the CIPFA/SOLACE risk management guide, Chance or Choice. It is a generic map of responsibility for each part of the risk management process.

The following defines the responsibility for the risk management process at Colchester:

**Cabinet** – Overall ownership of the risk management process and endorsement of the strategic direction of risk management.

**Portfolio Holder for Resources** – Lead Member for the risk management process

**Governance Committee** – Responsible for reviewing the effectiveness of the risk management process and reporting critical items to Cabinet as necessary.

**Performance Management Board (PMB)** – Ownership of the strategic risks and overview of the operational risks. Actively support the Risk Management Strategy and framework.

**Chief Operating Officer** – Lead officer for the risk management process, demonstrating commitment to manage risk.

**Assistant Chief Executive** – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

**Heads of Service** – Ownership, control and reporting of their service's operational risks. Contribute to the development of a risk management culture in their teams.

**All Employees** – To understand and to take ownership of the need to identify, assess, and help manage risk in their individual areas of responsibility. Bringing to the management's attention at the earliest opportunity details of any emerging risks that may adversely impact on service delivery.

**Internal Audit, External Audit and other Review Bodies** – Annual review and report on the Council's arrangements for managing risk throughout the Council, having regard to statutory requirements and best practice. Assurance on the effectiveness of risk management and the control environment.

## AIMS & OBJECTIVES

**The aim** of the Council is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

**The risk management objectives** of Colchester Borough Council are to:

- Integrate risk management into the culture of the Council
- Ensure that there are strong and identifiable links between managing risk and all other management and performance processes.
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce the cost of risk
- Raise awareness of the need for risk management by all those connected with the Council's delivery of services.
- Ensure that opportunities are properly maximised through the control of risk.
- Reduce duplication between services in managing overlapping risks and promote 'best practise'.

Risk Management forms an important part of the Council's system of Internal Control. Previously the Audit Commission assessed the function as operating at level 3 as part of their 'Use of Resources' review... However, the Use of Resources assessment is no longer carried out but the criteria laid down for each assessment level, set out in Appendix C, still provides a robust framework for delivering an effective service.

## STRATEGIC RISK MANAGEMENT

Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally effect service provision, such as proposals to dramatically change the corporate assessment process.

Strategic risks will be controlled using a register that will detail the risks and associated controls. The register will be owned by the Senior Management Team, with ownership for risks being assigned to individual officers, and will be reviewed every quarter. The strategic risks will be reported to the Governance Committee at least twice a year.



## **OPERATIONAL RISK MANAGEMENT**

Operational risks are those that threaten the routine service delivery of the Council. Each service area will have their own operational risk register that details the risks associated with providing the service. These registers will be reported, in summary format, to the Senior Management Team and committee on an annual basis. High risks and the success in controlling them will be reported to Senior Management Team on a quarterly basis, as these will help in the formulation of the strategic risk register.

## **LINKS**

It is essential that risk management does not operate in isolation to other management processes. To fully embed a risk management culture it has to be demonstrated that risk is considered and influences all decisions that the Council makes. It is essential that there is a defined link between the results of managing risk and the following:

- The Strategic Plan
- Service Plans
- Revenue and Capital Budgets
- Annual Internal Audit Plan

## **ACTION REQUIRED**

The following actions will be implemented to achieve the objectives set out above:

- Considering risk management as part of the Council's strategic planning and corporate governance arrangements.
- Ensuring that the responsibility for risk management is clearly and appropriately allocated
- Maintaining documented procedures for managing risk
- Maintaining a corporate approach to identify and prioritise key services and key risks across the Council and assess risks on key projects.
- Maintain a corporate mechanism to evaluate these key risks and determine if they are being adequately managed and financed.
- Establish a procedure for ensuring that there is a cohesive approach to linking the risks to other management processes
- Including risk management considerations in all committee reports
- Providing risk management awareness training to both members and officers.
- Developing risk management performance indicators.
- Establishing a reporting system which will provide assurance on how well the Council is managing its key risks and ensures that the appropriate Members and officers are fully briefed on risk issues.
- Preparing contingency plans in areas where there is a potential for an occurrence to have a significant effect on the Council and its business capability.
- Regularly reviewing the risk process to ensure that it complies with current national Governance Standards and Best Practice.
- Developing risk management links with key partners and contractors, to ensure that principles are adopted in all areas of service delivery.

## REVIEW

To ensure that the risk management process is effective it will need to be measured and reported to P.M.B., Governance Committee & Cabinet. As well as a structured reporting process of risks and controls during the year there will need to be an annual review demonstrating the success of the following:

- The inclusion of risk management principles within Service Plans and budgets.
- The development of the Internal Audit plan based on the risk issues.
- Achievement against identified performance indicators.
- Members consistently ensuring managing risk is considered as part of the decision making processes within the Council.
- Service managers making recommendations that regard risk as an opportunity as well as a threat.
- Risk management principles being considered in service reviews, for example in areas such as options for change and service improvements.
- Changes in risk being independently identified and assessed by Service Managers
- Compliance with the use of resources criteria and self assessment requirements.

Suitable opportunities to benchmark the risk management service against other organisations should also be explored to ensure that it is effective and the work carried out by the Council conforms to best practise.

The four appendices attached give greater detail of key issues:

Appendix 1 – Outline of the risk management process

Appendix 2 – Details of how Risk Management will be reported.

Appendix 3 – CIPFA guidance on Risk Management Responsibilities

## APPENDIX 1

### The Risk Management Process

Risk Management is a continual process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and / or responding to them. The risks faced by the Council are constantly changing and the continual process of monitoring risks should ensure that we can respond to the new challenges. This process is referred to as the risk management cycle.

#### **Stage 1 – Risk Identification**

Identifying and understanding the hazards and risks facing the council is crucial if informed decisions are to be made about policies or service delivery methods. There is detailed guidance available on how to identify risks which includes team sessions and individual knowledge. Once identified a risk should be reported to the Head of Service who will consider its inclusion on the relevant risk register. If the risk is identified in between register reviews then it is reported to the Risk & Resilience Manager for information and the Head of Service is responsible for managing the risk.

#### **Stage 2 – Risk Analysis**

Once risks have been identified they need to be systematically and accurately assessed. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to it.

#### **Stage 3 – Risk Control**

Risk control is the process of taking action to minimise the likelihood of the risk event occurring and / or reducing the severity of the consequences should it occur.

#### **Stage 4 – Risk Monitoring**

The risk management process does not finish with the risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time.

## APPENDIX 2

### Reporting

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues / processes. Therefore it is essential that there is a defined process and timetable for reporting the results of the risk management process to both members and officers.

#### Types of Report

- The strategic risk register is reviewed a minimum of twice yearly by P.M.B., with interim reports quarterly as required.
- Six monthly review of the operational risk registers and a summary report of these reviews to P.M.B.
- A six monthly report is provided to Committee (Governance) detailing the current strategic and high level operational risks and the progress made in controlling them.
- An annual report reviewing Risk Management activity and an action plan for the coming year - taking into account changes in methodology and results of internal and external reviews. Going to P.M.B., Governance and Cabinet. This needs to cover all of the three areas of risk
- Ad-hoc reports need to be provided to P.M.B. when new, significant risk issues arise.

The reports can be summarised as follows:

	<b>Service's</b>	<b>P.M.B.</b>	<b>Governance</b>	<b>Cabinet</b>
<b>Quarterly</b>		Review of strategic risk register		
<b>6 Monthly</b>	Review of operational risk register	Summary of operational review from services	Progress report of strategic & high level operational risks	
<b>Yearly</b>		Scrutiny of annual progress report to cttee on R.M.	Endorsement of annual progress report on R.M.	Summary of past years work on R.M.

## Appendix 3

### Risk Management Responsibilities – CIPFA / SOLACE Guidance

	Framework, Strategy and Process	Identifying risk	Analysing Risk	Profiling risk	Prioritising action based on risk appetite	Determining action on risk	Controlling risk	Monitoring & Reporting	Reporting to external stakeholders.
<b>Members</b>	Agreeing the Framework, Strategy and Process Determined by Officers	Identifying risk	Analysing Risk	Profiling Risk	Determining the risk appetite and prioritising risk.  Agreeing the priorities determined by officers			Reviewing the effectiveness of the risk management process.	Reporting to external stakeholders on the framework, strategy, process and effectiveness .
<b>Risk Management Team</b>	Providing advice And support to the executive Management Team and Members	Providing advice and support.	Providing Advice and support	Providing advice and support	Providing advice and support			Co-ordinating the results for reporting to the corporate management team and members	
<b>Senior Management Team</b>	Determining the framework, Strategy and Process	Identifying strategic and cross-cutting issues	Analysing Strategic and cross-cutting issues.	Profiling strategic and cross-cutting issues.	Determining the risk appetite and prioritising strategic and cross-cutting issues	Determining action on strategic and cross-cutting issues.  Delegating responsibility for control.		Monitoring progress on managing strategic and cross-cutting risks and reviewing the implementation of the risk management framework, strategy and process.  Reporting to members.	Reporting to external stakeholders on the framework, strategy, process and effectiveness.
<b>Assistant Chief Executive</b>	Providing Advice and Support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Co-ordinating the results for reporting to the executive management team and members	Preparing draft reports for the corporate management team and members to issue.
<b>Service Managers / G.M.T's</b>		Identifying service Risks	Analysing Service risks.	Profiling service risks.	Prioritising action on service risks.	Determining action on service risks.  Delegating responsibility for control.		Monitoring progress on managing service risks.  Reporting to the group management team	
<b>Employees, contractors And partners</b>		Maintaining awareness of risks and feeding these into the formal process.	Maintaining awareness impact of risks and feeding information into the processes				Controlling risk in their jobs.	Monitoring progress on Managing job related risks  Reporting to the service manager.	



**Extract from the minutes of the Governance Committee meeting on 8 September 2015**

**15. 2014/15 Year End Review of Risk Management**

Hayley McGrath, Corporate Governance Manager, introduced the Year End Review of Risk Management. The report requests the committee to note the work undertaken, consider and comment on the current strategic risk register, the proposed risk management strategy for 2015/16 and endorse the submission to Cabinet.

Hayley McGrath stated that the economy and cuts in public spending continue to have had a significant impact on the key risks during the year. Work undertaken during the year includes the recent Corporate Facilities Management Fundamental Service Review (CFM FSR) which has brought together the risk and governance team, leading to tightened controls for Governance. A main focus during the year has been to manage the vehicle incident risk and the health and safety risk for frontline staff.

In addition work has been undertaken to embed risk management within procurement processes, and that the risk process support the development of a commercial approach.

With regard to the Risk Management strategy for 2015/16 there are no fundamental changes, and the strategy has been approved by external auditors.

Hayley McGrath stated that the Strategic Risk Register has had a fundamental review. Specific risk 1E, relating to embedding the actions of the UCC FSR has been removed, as it has now been completed. Also the People section of the register had been reviewed to reflect the move to a more commercial environment. This included removing risks 3b (resources required for training and development) and 3c (visible and effective leadership). In addition risk 6C, which is the 'inability to deliver the budget strategy as planned, arising from changes to Government funding/decisions and general impact of economic climate' has increased its score after discussions with senior management.

The following issues were identified by Councillor:

- Councillor Locker – What is the methodology behind the scores attributed to the risks? Should there be a risk associated with a change in administration?
- Councillor Hayes – Asked for further information on the development of commercial approach as part of procurement.
- Councillor Arnold – Questioned the high score attributed to risk 6C.


Hayley McGrath provided the following responses:

- The scores are attributed to the risks after discussions have taken place with senior management. These discussions revolve around whether the risk is appropriate, what the impact would be on services and what is the probability of the risk occurring. Hayley McGrath stated that in her role she has access to the risk, insurance and governance issues for all services across the organisation which can be the basis of identifying risks after managerial discussions have taken place. Ann Hedges stated that risk 4A provides a broad risk to assess a range of changes to the Council.
- In response to Councillor Hayes, Hayley McGrath stated that embedding the risk management into the procurement process helps to identify the risks in potential tenders, and the liabilities, without restricting commercial possibilities.
- Hayley McGrath stated that the high score was a reflection on the external auditors' comments, with the expectation that resources will reduce over the next few years. Ann Hedges added it is anticipated that the Government spending statement in November is likely to affect grant and other funding streams, this might include New Homes Bonus. It is also recognised that there are risks around the appeals for NNDR. In addition funding changes for other public sector partners can also impact our priorities for service delivery and therefore budgets.

*RESOLVED* that:

- a) The Governance Committee notes the risk management work undertaken during 2014/15
- b) The Governance Committee notes the current strategic risk register.
- c) The Governance Committee notes the proposed risk management strategy for 2015/16
- d) That Governance Committee endorse the submission of this report to Cabinet.



<b>Report of</b>	<b>Assistant Chief Executive</b>	<b>Author</b>	<b>Hayley McGrath</b>
<b>Title</b>	<b>Internal Audit Contract Tender</b>		 <b>508902</b>
<b>Wards affected</b>	Not applicable		

**This report concerns a tender for the provision of internal audit services.**

## **1. Decision Required**

- 1.1 To delegate to the Portfolio Holder for Resources the authority to appoint a contractor for the Council's Internal Audit service to commence from 1 April 2016.

## **2. Reasons for Decision**

- 2.1 The Internal Audit contract is due to expire on 31 March 2016 and it is therefore necessary to carry out a tender exercise to procure a new contract.
- 2.2 The tender evaluation process will not be completed prior to the Cabinet meeting on 25 November and the next Cabinet meeting after that is 27 January 2016. However a decision will need to be made by the end of December 2015, to allow for any handover period required.
- 2.3 Based on the current value it is not envisaged that the award of the contract will constitute a key decision. However it is felt appropriate to seek prior approval for authority to be delegated to the Portfolio Holder for Resources as there is the potential for the costs to increase or the length of the contract to be extended, which may result in the value increasing above the key decision threshold.

## **3. Alternative Options**

- 3.1 Delay the decision to appoint the contractor until the Cabinet meeting in January 2016, which would result in the appointment not being confirmed until February 2016.
- 3.2 If there is a change in contractor this will result in a shortened handover period where it may not be possible to ensure that the full Internal Audit programme is in place from 1 April 2016.

## **4. Supporting Information**

- 4.1 The Council has procured the Internal Audit function from external contractors since 1996. The current contract has been in place since 2011 and was originally supplied by Deloitte, whose public sector business was sold to Mazars in January 2014.

- 4.2 Alternative options for the contract have been considered, including bringing the service back in house and shared services, however it is felt that the provision of the service by an external contractor is still the most suitable arrangement. The benefits of the arrangement include access to high levels of expertise in specialist fields, knowledge of best practice in the public sector, continuity of service and clear cost structure.
- 4.3 The Crown Commercial Service, ConsutancyONE, framework is being used for the tender exercise. There are ten suppliers on the list, including the Council's current one, and all will be invited to submit bids.
- 4.4 The contract will run for a minimum period of three years with the option to extend for a further two.

## **5. Proposal**

- 5.1 To delegate to the Portfolio Holder for Resources the authority to appoint the contractor for the Council's Internal Audit service from 1 April 2016.

## **6. Strategic Plan References**

- 6.1 The internal audit programme reflects the key risks to the Council's business and the audit plan is drawn up with due regard to the identified strategic objectives. Therefore the audit process supports the achievement of the strategic plan.

## **7. Risk Management References**

- 7.1 The failure to adequately identify and manage system control issues may have an effect on the ability of the Council to achieve its objectives and operate effectively.

## **8. Other Standard References**

- 8.1 There are no direct publicity or consultation considerations; or financial; equality, diversity and human rights; community safety or health and safety implications, as a result of this report.

# PETITIONS, PUBLIC STATEMENTS, QUESTIONS

## (i) Have Your Say speakers

Date of Meeting	Details of Members of the Public	Subject Matter	Form of Response	Date Completed
Cabinet, 2 September 2015	Andy Hamilton	Firstsite, breaches of licensing and planning conditions by club in Lexden	Verbal response on Firstsite issues provided by Councillor T. Young, Portfolio Holder for Community Safety, Licensing and Culture at the meeting. Written response by Portfolio Holder for Economic Growth and Planning on issues relating to breaches of planning and licensing conditions.	2 October 2015
Revolving Investment Fund Committee, 16 September 2015	Andy Hamilton	Firstsite, Creative Business Centre	Verbal response provided at the meeting by Councillor Smith, Leader of the Council and Portfolio Holder for Strategy.	16 September 2015
Revolving Investment Fund Committee, 16 September 2015	Nick Chilvers	Creative Business Centre	Verbal response provided at the meeting by Councillor Cory, Portfolio Holder for Resources	16 September 2015

**(ii) Petitions**

<b>Date petition received</b>	<b>Lead Petitioner</b>	<b>Subject Matter</b>	<b>Form of Response</b>	<b>Date Completed</b>
14 September 2015	Laura Larkin, Maria Wilby	Wording of the petition is:-  “We urge Colchester Borough Council to offer homes to 50 refugee families”.	Letter sent to Lead Petitioners by the Leader of the Council	23 September 2015