

GOVERNANCE AND AUDIT COMMITTEE

25 June 2019

Present:- Councillor Pearson (Chair), Councillor Dundas, Councillor Goacher, Councillor McCarthy, Councillor Willetts and Councillor Wood

Substitutes:- Councillor Scott-Boutell for Councillor Barlow

Also Present: - Councillor King, Councillor Higgins

154. Minutes

RESOLVED the minutes of the meeting held on the 7 March 2019 be approved as a correct record.

155. Have Your Say!

Sir Bob Russell, High Steward of Colchester, addressed the Committee with his concerns over control of the Council and the workings of Colchester Commercial Holdings Ltd. Sir Bob questioned the fact that 51 Councillors have been elected on to the Borough Council by residents, but only 8 of those sit on the Cabinet and were the only ones with executive power. Sir Bob explained how he felt that the democratic accountability in which Councillors are the people's representatives at the Town Hall was weakened further by the creation of the commercial companies. Sir Bob Russell informed the Committee that he felt that there should be less officer input and more Councillor involvement in the decision-making process. Sir Bob also questioned the establishment of the companies and how he felt that they were not in keeping with the whole ethos of Local Government.

The Committee thanked Sir Bob for attending and in response to his statement some sympathy was expressed with his views with regards to Councillor involvement in decision making. However, the Committee had undertaken work recently designed to improve transparency and democratic accountability. In respect of the companies, the Committee explained that they were set up through an open process and the establishment was a decision taken by the Full Council. The Committee also said they felt that all Councillors do have a say but sometimes they may not be informed early enough on some of the subject matters, and the current administration was working to improve both internal and external consultation.

156. Draft Annual Statement of Accounts 2018/19

Paul Cook, Finance Manager, introduced the Draft Annual Statement of Accounts report. The report requested that the Committee consider the report relating to the pre-audit

Statement of Accounts for 2018/19 and to consider the proposal for a separate internal briefing for the Committee prior to the scheduled meeting for approving the audited accounts on 30 July 2019.

Paul Cook informed the Committee that the deadlines for submitting the statement of accounts was the 31 May 2019. It was confirmed that Colchester Borough Council certified the statement of accounts on 30 May and the draft statement has now been published on the Council's website for public inspection until 12 July. Paul Cook explained that the format of the accounts now provided a clear link from the outturn and was reported to the Scrutiny Panel on 11 June 2019.

With regard to the external audit of the accounts, the final accounts audit started on 3 June and was progressing well, with the findings reported to the Committee on 30 July. Confirmation of the publication of the accounts would then be reported to the Committee on 3 September 2019.

RESOLVED that the report relating to the pre-audit Statement of Accounts for 2018/19 be noted.

157. Colchester Commercial Holdings Ltd Annual Report 2018/19

Andrew Tyrrell, Client and Business Manager, introduced the Colchester Commercial Holdings Ltd Annual Report 2018/19. The report provided the Committee, in its role as Shareholder Committee, with performance information for the first year of trading activities by Colchester Commercial Holdings Ltd (CCHL) and the subsidiary companies; Colchester Amphora Energy Ltd (CAEL), Colchester Amphora Homes Ltd (CAHL), Colchester Amphora Trading Ltd (CATL).

Andrew Tyrrell explained that they were asking the Committee to review the performance of CCHL (and its subsidiaries) during 2018/19, having regard to the performance information for the year provided in Appendix A and also for the Committee make any recommendations to the Portfolio Holder for Commercial Services on CCHL performance management arrangements for 2019/20 or beyond.

Councillor Nick Barlow, Chairman of Colchester Commercial Holdings Ltd, addressed the Committee and explained how on the recommendation of the Governance and Audit Committee the Portfolio Holder for Commercial Services no longer sat as a Board Member. This was to improve the interaction between Colchester Commercial Holdings Ltd and the Council and to also avoid any potential conflict of interest. It would also improve the democratic accountability. Councillor Barlow also informed the Committee that CCHL achieved its profit targets in 2018-19 and was on target to do so again in the current municipal year. The recommendations made by the Committee at its meeting in March in respect of the Business Plan had been implemented or were in the process of being implemented.

In response to the concerns expressed by Sir Bob Russell under Have Your Say! the Chairman invited Councillor Barlow and Adrian Pritchard, Managing Director of CCHL to address the Committee on the reasons for the establishment of the companies. They highlighted that the Committee that over the last 9 years the Council has lost approximately £11.9 million of Government funding. The Council had been looking at how it could mitigate the impact of this, both through efficiencies and through acting in a more commercial way,

albeit with a clear public sector ethos. The Trading Board discussed these issues at length and recommended the approval of CCHL and its subsidiary companies. The idea was that the companies would use the Council's assets and provide services for residents to create income that could be returned to the Council as a dividend. The Council, who was the sole shareholder in the companies, would decide how that dividend would be used to support its services to residents.

In response to questions from the Committee Adrian Pritchard informed them that since Helpline has been run by CCHL, they had accumulated 600 new customers. One of the reasons given for the increase was due to the commercial expertise given to the Council by CCHL; a bigger presence on the website and targeted marketing towards relevant communities. Also, contacts with other health organisations had been developed. For instance a contract had been agreed with the Ambulance Service whereby Helpline attended when reports were received of falls. This provided an income stream for Helpline and also provided a cheaper service to the taxpayer. Helpline also provided a high-quality service and was one of only two such services in Essex that would attend customers personally rather than just providing a monitoring service. This was a reflection of its public sector ethos.

Members of the Committee discussed the CCTV service and questioned why this was managed by CCHL, and what plans were in place to develop or extend the service. It was explained that CCTV was not a commercial entity but was seen as a crime prevention service. The value of the CCTV service to the town centre was stressed. It was managed by the CCHL on behalf of the Council. Discussions were being held with major shopping precincts to see if they could provide a CCTV service for them, and to see if the service could be upgraded. With regards to the future of CCTV, wider deployment would be an issue for the Council as it remained a Council service. The Committee considered that it would be useful to receive a report about the costs and benefits of CCTV service.

It was also suggested that further investment was needed in some of the Events venues to improve accessibility issues. However, it was explained that the venues such as Charter Hall were Council owned and further investment decisions were for the Council.

The Committee also explored issues around the governance issues around CCHL and its subsidiaries, and whether the governance framework that applied to the Council structures also applied to the companies. Adrian Pritchard explained that where the companies were delivering or managing services on behalf of the Council, the normal Council governance arrangements would apply. For the other services, such as by CAHL and CAEL, there were business plans in place, which would be looked at by Cabinet and the Governance and Audit Committee. The Scrutiny Panel could also scrutinise the Business Plans and the work of the companies. Members also discussed how individual ward members could influence decisions by the companies, and it was explained that this could be done through the Board members, the Portfolio Holder for Commercial Services and through the Governance and Audit Committee. However, it needed to be borne in mind that the companies were largely implementing decisions that were made by the Council that members could influence through normal channels.

The Committee also discussed what safeguards were in place to ensure that the trading companies performed fairly against other private sector companies. It was explained that Service Level Agreements were in place for CCHL and the subsidiaries to purchase services and functions from the Council. The Council and companies were very conscious of the need to comply with regulations around state aid.

RESOLVED that the Committee reviewed and noted the performance of CCHL (and its subsidiaries) during 2018/19, having regard to the performance information for the year provided in Appendix A.

RECOMMENDED to the Portfolio Holder for Commercial Services that a report be submitted to a future Committee with regards to a review of CCTV and to discuss its costs and benefits to the Borough.

158. Polling District and Polling Place Review

Andrew Weavers, Monitoring Officer, introduced the Polling District and Polling Place Review. In accordance with the Electoral Registration and Administration Act 2013, every council in England and Wales must undertake and complete this review of all their polling districts and polling places at least once every four years and it needs to be completed by the 1 December 2019, so any changes can be included in the new electoral register.

Andrew Weavers informed the Committee that with regards to the report there were no changes to any polling districts but, as shown in paragraph 6 of the report, there were some changes to polling places.

Andrew Weavers provided detailed information with regards to Willows and Monkwick polling district (AB) and Home Farm polling district (AR). Andrew informed the Committee that notification had been given by Thomas Lord Audley School and Home Farm Primary School that they no longer wished to be used as a Polling Station as the schools felt they were no longer fit for purpose. Similar views had been expressed by polling staff and electors due to the lack of accessibility. Andrew explained that Thomas Lord Audley refused use of the school for the European Elections, so it was moved to the Abbotts Road Polling Station and the results for turnout was 17%, which was the same as the previous local elections that took place using Thomas Lord Audley School.

Andrew Weavers informed the Committee that the proposal was for the Polling District AB to be extended to cover Abbotts Road should there be any future issues with the school or anywhere within that area but to make it clear that this was not for it to be switched to Abbotts Road, unless another suitable location could be found. The extension of cover would give the Council a wider area to look for other potential polling station should any issues arise with polling stations in that area, going forward.

Andrew Weavers made the Committee aware that the Returning Officer does have a right to demand a school to become available for an election but it was preferable to work by negotiation and consent. If this situation did arise many schools have made the Elections team aware that they would have to close the whole school due to safeguarding issues.

Andrew Weavers asked that the recommendation within the report be changed to;

- a) agree proposed changes to the Polling Districts and Polling Places within the report and
- b) recommend to Full Council that it approves and adopts the draft schedule of Polling District and Polling Places.

The Committee thanked the officers for their work. Some members felt very strongly that moving the polling place from Thomas Lord Audley into a location in another ward would

deter voters, particularly those who were economically disadvantaged.. Whilst it was noted that voting levels had not changed at the European election, there was not sufficient information for ward members to understand how this change might impact on voters' ability to access the polling station. The Committee accepted that there were issues with Thomas Lord Audley site but felt more alternatives need to be looked at, such as the Ormiston Centre, and researched before looking at moving the polling place. The Committee also requested that Shrub End polling district (BF) to be investigated also.

The Committee stressed the importance of ensuring voters were able to exercise their democratic right and explored further the rights to requisition sites for use as stations. It was explained that if the Returning Officer were to seek to requisition part of the site, then the headteacher may close the whole school, on safeguarding grounds. Members of the Committee indicated that that was a decision for the school, but it could be considered that the availability of polling stations was paramount.

RESOLVED that further research be undertaken into alternative solutions for the polling places and a further report be submitted to the Committee at its meeting on 3 September 2019.

159. Internal Audit Year-End Assurance Report 2018/19

Andrew Weavers, Monitoring Officer, introduced the Year End Internal Audit Assurance Report 2018-19. The report requested that the Committee review and comment on internal audit activity for the period between 1 October 2018 and 31 March 2019, and the performance of internal audit by reference to national best practice benchmarks.

Andrew Weavers provided the Committee with a summary of the report and highlighted that internal audit is undertaken by Mazars, an external provider, who have been in place a number of years. Andrew Weavers informed Committee members that two reports come to the Committee each year, a mid-year and end of year report.

Andrew Weavers informed Committee members that the past year had been another good year with four audits receiving full assurance and all but one other audit achieving substantial ratings. Further information on the audit with limited assurance is included within the appendix.

Committee members expressed thanks to officers for the work undertaken. A member of the Committee asked for further information regarding CCTV and its limited assurance.

RESOLVED that the Governance and Audit Committee reviewed and commented on the internal audit activity for the period 1 October 2018 to 31 March 2019 and the performance of internal audit by reference to national best practice benchmarks.

160. Committee on Standards in Public Life Findings on Review of Local Government Ethical Standards

Andrew Weavers, Monitoring Officer, introduced the Committee on Standards in Public Life response to the Consultation on Local Government Ethical Standards report. The report informed the Committee of the findings by the Committee on Standards in Public Life in

relation to Local Government Ethical Standards.

Andrew Weavers informed the Committee that this was being referred to the Committee following its meeting on 6 March 2018 in which the Committee considered a paper on the stakeholder consultation being undertaken by the Committee on Standards in Public Life in relation to Local Government Ethical Standards. At its meeting on 5 June 2018 the Committee noted the Council's response to the stake holder consultation.

RESOLVED that the report by the Committee on Standards in Public Life in relation to Local Government Ethical Standards be noted.

161. Review of the Governance Framework and Draft Annual Governance Statement

Andrew Weavers, Monitoring Officer, introduced the report which requested that the Committee consider and note the review the Council's compliance with seven principles of good governance, including the review of effectiveness of the internal control arrangements. The report also requests the Committee approve the Annual Governance Statement for 2018/19.

Andrew Weavers informed the Committee that the Council has a duty to review the governance arrangements once a year, to ensure that they are appropriate and meet the seven principles of good governance, which is based on the CIPFA and SOLACE guidance document.

The review of the governance framework consists of looking at the arrangements for audit in the Council as a well as conducting interviews with senior management on a one to one basis reviewing the previous year alongside the seven principles of good governance. This also involves looking at policies and produces and committee structure of the organisation. A significant element to the report is the Head of Internal Audit Report produced by Mazars, which provided a substantial assurance rating that the financial and non-financial systems are working appropriately.

Committee members thanked the officers for the work undertaken.

RESOLVED that;

- a) The review of the Council's compliance with the seven principles of good governance including the review of effectiveness of the internal control arrangements be noted.
- b) That the Annual Governance Statement for 2018/19 be noted.

162. Governance and Audit Work Programme 2019 – 2020

Zoe Gentry, Democratic Services Officer, introduced the Work Programme 2019-20. The report requests that the Committee note the contents of the Work Programme.

RESOLVED that;

- a) The Work Programme of 2019-20 be noted.

b) An invite to all Councillors be sent for the Statement of Accounts training that will be taking place on 23 July 2019 at 6.30pm followed by a Code of Conduct refresher session.